

CITY OF KENNER, LOUISIANA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended June 30, 2002

Submitted by:

Department of Finance

DUKE P. McCONNELL, CPA
Chief Financial Officer

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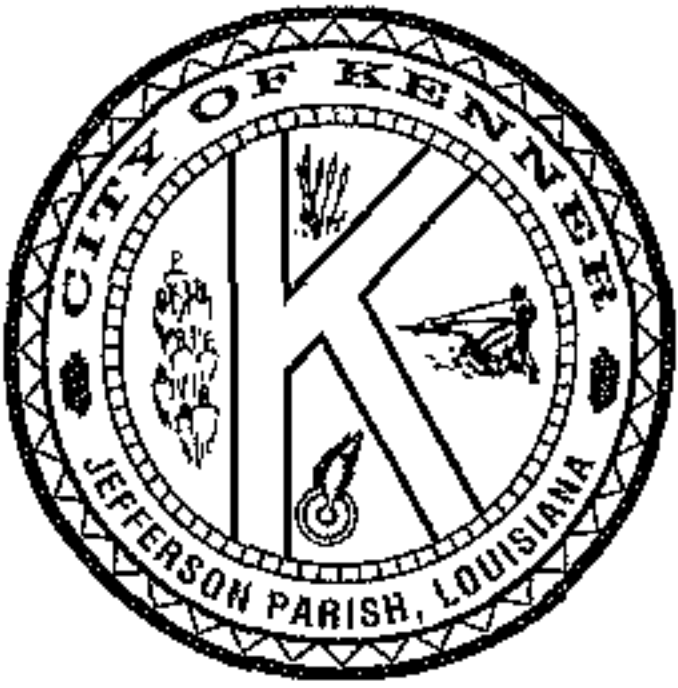
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INTRODUCTORY SECTION

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LOUIS J. CONGEMI
MAYOR

CITY OF KENNER

1801 Williams Boulevard
Kenner, Louisiana 70062
(504) 468-7200

December 20, 2002

Honorable Mayor and City Councilpersons
City of Kenner, Louisiana
1801 Williams Boulevard
Kenner, Louisiana 70062

The Comprehensive Annual Financial Report of the City of Kenner, Louisiana, for the fiscal year-ended June 30, 2002 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the most recent GFOA Certificate, the City's organizational chart, a list of principal officials and a map of the City. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and auditors' reports on compliance and on internal controls, are included in the single audit section of this report.

CITY OF KENNER

The City is the largest incorporated area in Jefferson Parish, a suburban parish (county) in the New Orleans Standard Metropolitan Statistical Area. It is bounded on the north by Lake Pontchartrain, on the south by the Mississippi River, on the east by unincorporated Jefferson Parish, and on the west by St. Charles Parish. The map of the City which is enclosed in this Introductory Section reflects a total area of approximately 15 square miles. Since 1946, the City has contained the site for the New Orleans International Airport.

REPORTING ENTITY AND ITS SERVICES

The City is a unit of general local government under the Census Bureau's criteria. It is a home rule charter city incorporated under the constitution and laws of the State of Louisiana on July 1, 1974. A seven person council and an elected mayor govern the City, as reflected in the organizational chart of the City's administrative departments included in this introductory section. The City's department directors with the exception of the Police Department, which is governed by an elected chief, report to the Chief Administrative Officer who in turn reports directly to the Mayor.



This report includes all funds and account groups of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. As required by generally accepted accounting principles, the financial statements of the reporting entity present the primary government (the City) and its component unit. Component units are defined as legally separate organizations for which the City is financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government (the City) is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Firemen's Pension and Relief Fund is included in the City's reporting entity as a blended component unit because of its operational relationship with the City and because its exclusion would render the financial statements incomplete or misleading.

THE REPORT FORM

The authoritative promulgations by the Governmental Accounting Standards Board (GASB) were applied in the preparation of this report. As outlined in these promulgations, the City's funds are grouped into three broad fund types (governmental, proprietary, and fiduciary) and two account groups (general fixed assets and general long-term debt). In general, governmental funds measure income (the flow of current financial resources), whereas proprietary funds measure wealth (the preservation and changes to capital).

This report is prepared in a pyramid form whereby at the base are statements on individual funds. Next the combining statements combine each fund of the same type to give totals for each of the seven generic fund types. Finally, the five statements under the heading "General Purpose Financial Statements" summarize these seven generic fund types and two account groups, and other significant accounting information.

MAJOR INITIATIVES AND ECONOMIC OUTLOOK

For the Year

After several years of growth, the City's overall revenues decreased during the current year due to several factors. The events of September 11, 2001 had a negative impact on the economy, particularly the airport and surrounding areas. This caused sales taxes (the City's largest revenue) to be flat after growing for the past few years and also caused a decrease in parking taxes. Franchise taxes decreased as utility rates went back to normal after spiking in the previous year and interest earnings decreased as interest rates continued to go down.

The City again received significant revenue from the Treasure Chest Casino. These funds are dedicated to capital outlay and debt service. The City continued on a major program of infrastructure improvements throughout the City. The program will span several years and include road, drainage and sewer improvements. Also, several major road projects which are being funded by state grants continued.

Another parcel of land was acquired for the new city park being developed in North Kenner. Also, drainage improvements being funded by a federal grant continued in South Kenner.

In November 1999, the voters approved the renewal of a property tax for roads for 15 years, which will provide the City with significant new funds to maintain the roads throughout the City. This property tax is currently being collected in Kenner by Jefferson Parish to debt service Jefferson Parish bonds, which were issued to do roadwork in Kenner. Jefferson Parish is loaning the City \$500,000 per year for 1999 through 2002 to do road maintenance in the City. In 2003, the Parish will stop collecting the property tax and the City will start collecting it. At that time, the City will issue bonds to payoff the Parish's bonds and to repay the loans from Jefferson Parish. The revenue from the property tax in excess of that needed to debt service the City's bonds each year will be available for the City to do roadwork. The property tax currently generates approximately \$2 million per year.

Last year it was noted that the City received two federal grants totaling seven (\$7) million dollars. Five (\$5) million is for further sewerage improvements. The other two (\$2) million is for a planetarium. These grants require the City to provide an equal amount as a match. In August 2000, the City issued \$9,000,000 in certificates of indebtedness, which refunded the 1996A and 1996B certificates and also provided funds for the City's match.

The sewerage funds are being used to expand the City's newest sewer treatment plant and close down the two older plants. The expansion will add enough capacity to accommodate the City's needs in the foreseeable future. The project started in late 2000 and will take several years to complete. The planetarium project started in early 2001 and will be completed in early 2003.

In September 2001, the City issued \$1,500,000 of certificates of indebtedness to provide funds to purchase land in the Laketown area near the City's civic center for further development of the area.

For the Future

The City's revenues are expected to start growing again but at a slow pace. The costs of providing services will continue to escalate. The City will have to look for additional revenue sources and find ways to further improve efficiency to maintain the high level of services its citizens are accustomed to.

The riverboat casino is expected to continue to provide significant funds for further capital outlay including the program of infrastructure improvements noted earlier.

FINANCIAL INFORMATION

Internal Accounting Control

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and parish financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. I believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year-ended June 30, 2002 are included in the Single Audit Section of this report.

Budgetary Control

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Enterprise Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, except for the General Fund which is at the departmental level. Any amendments to the total budgeted expenditures of a department require Council approval. The Mayor can approve changes to the budget within a department, as long as the total is not changed. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Besides comparing current year expenditures to the prior year, comparison to budget is of paramount importance in a government's financial reporting. The City Council annually adopts a budget for each governmental fund type (except capital projects are budgeted on a project basis) and proprietary type funds (except for the Internal Service Funds). Budgetary accounting is not used for the Self Insurance and Health Insurance Internal Service Funds because management considers effective budgetary control achieved since their amounts, which are charged back to other funds, are included as expenditures in each Fund's budget. Budgets are adopted by June 1 for the fiscal year which begins the following July 1. Revenues and expenditures are budgeted on the modified accrual or accrual basis as appropriate for the fund type. Encumbrances of the current year are recorded as obligations against budgeted appropriations and are included in the columns titled "budgetary" in the statements in the financial section of this report. Unencumbered appropriations in any year are dedicated to capital outlay of the department and budgeted in the following year.

GENERAL GOVERNMENT FUNCTIONS

Legal restrictions and generally accepted accounting principles require the operations of recurring governmental functions to be presented in separate funds. However, it has been found that it is much easier to grasp the state of governmental finances when data from different funds is consolidated on one report. The General Fund, special revenue funds receiving resources from taxes (specifically, the One Percent Sales Tax of 1984, the Garbage Collection, Roads and Bridges, Street Lighting and Fire Department Funds), and debt service funds each contain part of the entire scope of recurring governmental operations. Special revenue funds receiving resources from intergovernmental or miscellaneous revenue and capital improvements funds are used for non-recurring outlays of the City.

The following schedule presents a summary of revenues of funds used to report recurring governmental operations for the fiscal year-ended June 30, 2002 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 45,272,888	81.21	\$ (832,833)	(1.81)
Licenses and permits	2,526,009	4.53	(16,193)	(.64)
Intergovernmental	1,903,434	3.41	205,133	12.08
Charges for services	3,190,453	5.72	137,960	4.52
Fines and forfeitures	1,842,280	3.30	(2,879)	(.16)
Special assessments	-	-	-	-
Interest	423,022	.76	(798,200)	(65.36)
Miscellaneous	<u>592,647</u>	<u>1.06</u>	<u>87,456</u>	<u>17.31</u>
Total	<u>\$ 55,750,733</u>	<u>100.00</u>	<u>\$ (1,219,556)</u>	

The decrease in taxes was due to a reduction in parking taxes and franchise fees as noted earlier. Also, revenue from the Riverboat decreased.

Intergovernmental revenues increased due to federal grants included in the general fund in the current year but in separate special revenue funds in prior years.

Charges for services increased due to an increase in garbage service charge revenue.

Interest income decreased due to lower interest rates as noted earlier, as well as lower investments as the police department spent some of its carryover funds.

Miscellaneous revenue increased due to the sale of surplus equipment.

The following schedule presents a summary of expenditures of funds used to report recurring governmental operations for the fiscal year-ended June 30, 2002 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General government	\$ 9,338,960	16.46	\$ 382,555	4.27
Public safety	24,044,200	42.39	4,994,847	26.22
Public works	10,999,235	19.39	105,096	.96
Health and welfare	731,436	1.29	89,839	14.00
Culture and recreation	3,626,002	6.39	574,524	18.83
Transit and urban development	492,494	.87	37,993	8.36
Miscellaneous	1,666,603	2.94	27,047	1.65
Debt service:				
Principal	3,324,903	5.86	184,005	5.86
Interest and fiscal charges	2,479,481	4.37	63,609	2.63
Agent fees	19,500	.03	3,750	23.81
Advance refunding escrow	-	-	(1,162,530)	(100.00)
Total	<u>\$ 56,722,814</u>	<u>100.00</u>	<u>\$ 5,300,735</u>	

Public safety expenditures increased due to additional officers hired and additional vehicles purchased by the police department and additional fire fighters hired.

Culture and recreation expenditures increased due to additional expenditures in community services for the development of heritage park in Rivertown and additional expenditures in recreation as a result of the opening of a new gym.

Debt service expenditures for principal and interest increased due to the 2000 certificates of indebtedness, noted earlier.

General Fund

The following table summarizes the changes in fund balance of the General Fund compared to the prior fiscal year.

	<u>2001</u>	<u>2002</u>	<u>FUND BALANCE INCREASE (DECREASE)</u>
Revenues	\$ 35,160,881	\$ 33,495,402	\$ (1,665,479)
Expenditures	(34,532,818)	(40,152,260)	(5,619,442)
Net other financing sources (uses)	<u>(686,957)</u>	<u>1,815,879</u>	<u>2,502,836</u>
Excess (Deficiency)	(58,894)	(4,840,979)	(4,782,085)
Beginning fund balance, as restated	<u>18,221,258</u>	<u>18,860,352</u>	<u>639,094</u>
Ending fund balance	<u>\$ 18,162,364</u>	<u>\$ 14,019,373</u>	<u>\$ (4,142,991)</u>

The reasons for the changes in the General Fund revenues and expenditures are the same as the changes in revenues and expenditures for recurring governmental operations, which were explained earlier.

The net other financing sources increased due to additional revenues in the year ended June 30, 2000 being transferred to the capital projects fund in the year ended June 30, 2001 for additional capital improvements.

The general funds due to other funds increased significantly due to the general funds contribution to the self insurance fund being accrued and paid early in the subsequent year.

The decrease in the fund balance reserved to encumbrance is due to several large contracts in the prior year for infrastructure improvements.

The increase in the fund balance reserved for restricted expenditures is due to funds included in special revenue funds in the prior year but included in the general fund in the current year as noted earlier.

Although it decreased in the current year, the significant balance in the General Fund fund balance reserved for capital expenditures is due to funds remaining in department budgets, which by ordinance are dedicated to those departments for future capital outlay, the largest portion being for the police department.

The General Fund fund balance designated for subsequent year expenditures is primarily for funds accrued from the riverboat in the year ended June 30, 2002 but budgeted for expenditures in the subsequent year when they are received.

Focusing on the General Fund alone does not present a complete picture of the City's expenditures for recurring government functions. Part of the expenditures for this purpose are accounted for in selected special revenue and debt service funds and are included on the schedule of expenditures shown previously.

Debt Service Funds

The fund balance in the Debt Service Funds increased due to sinking fund payments on the new bond issue noted earlier.

Capital Project Funds

The fund balance of the General Capital Projects Fund decreased due to expenditures in connection with the City's infrastructure program. The operating transfers out were transfers to debt service funds as a portion of the riverboat revenues are dedicated to retiring debt. The fund balance in the Capital Projects Funded with Bond Proceeds fund decreased due to expenditures in connection with the sewerage improvements and the Planetarium.

Enterprise Funds

The Department of Wastewater Operations has a deficit in retained earnings due to depreciation taken on assets which were purchased through EPA grants under which the majority of the funds were provided by the EPA.

The Civic Center Operations Fund also has a deficit in retained earnings due to depreciation taken on assets acquired through bond proceeds.

Internal Service Funds

The retained earnings in the Self-Insurance Fund increased due to contributions in excess of claims.

The retained earnings in the Health Insurance Fund increased due to increased charges to departments for employees' insurance costs.

Fiduciary Funds

The Firemen's Pension and Relief Fund was merged into the Louisiana Firefighters Retirement System in the prior year. The amounts remaining are in a contingency fund to pay the benefits of retired members until they become eligible for benefits under the State System and to cover other contingencies.

DEBT

The following table summarizes the changes in the City's bonds and certificates outstanding, notes and other debt during the fiscal year:

<u>Outstanding July 1, 2001</u>	<u>Issued During Year</u>	<u>Paid During Year</u>	<u>Outstanding June 30, 2002</u>
\$49,336,000	\$ 2,000,000	\$ 3,325,000	\$48,011,000

Of the total amount outstanding, \$750,000 was in General Obligation Refunding Bonds, \$23,220,000 was in Sales Tax Refunding Bonds, \$9,700,000 was in sales tax bonds, \$9,090,000 was in excess revenue bonds, \$2,857,900 was in pension merger payable, \$2,000,000 was in advances from Jefferson Parish, and \$393,100 was in capital leases. Please see Note G in the Notes to Financial Statements for details of changes in long-term debt. The ratio of net long-term debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position. This data for the current fiscal year and the prior fiscal year is as follows:

<u>Fiscal Year</u>	<u>Net Long-Term Debt</u>	<u>Ratio of Net Long-Term Debt to Assessed Value</u>	<u>Net Long-Term Debt Per Capita</u>
2002	\$ 36,695,850	9.16%	520.38
2001	\$ 38,657,240	9.76%	548.20

Net long-term debt includes general obligation bonds, and special tax bonds with governmental commitment less amounts available in the Debt Service Funds.

The City's ad valorem debt is rated Baa by Moody's Investors Service. This rating was changed from Baa1 in 1988. The City's sales tax debt is rated "AAA" by Standard & Poor's Ratings Group.

CASH MANAGEMENT

The City has a fiscal agent contract to handle its operating accounts. Transaction balances are kept in sweep accounts, where balances are swept into interest bearing accounts and overnight repurchase agreements earning Federal Funds rates less 15 and 50 basis points, respectively and investable balances are kept in money market accounts. The City, however, still reserves the right to remove investable funds and invest them at other institutions. The balances in the money market accounts and the repurchase agreements are reported on the balance sheet as "investments".

Funds being held as reserves on bonds and amounts being accumulated to pay principal and interest on bonds are held in trust accounts. The trustee invests the funds under the direction of the City.

Bond proceeds being used for construction are invested in U. S. Government Securities for terms based on the draw down schedules of the projects. The investments are made using the services of a financial investment advisory company with which the City has an agreement to provide these services.

Total interest earnings for all the governmental fund types and expendable trust funds of the City decreased to \$820,693 this year from \$2,165,811 last year. The decrease is due to further declines in interest rates, the police department's expenditure of a significant portion of its carryover from prior years in the general fund and expenditures from the construction funds on the City's infrastructure program and projects funded partially by grants.

The following table shows the changes in total cash and investments for those funds by purpose, during the fiscal year:

	Balance on <u>6/30/01</u>	Balance on <u>6/30/02</u>	Increase (Decrease)
Sinking funds	\$ 5,179,556	\$ 5,472,322	\$ 292,766
Construction funds	\$ 17,067,771	\$11,683,477	\$(5,384,294)
All other funds	\$ 15,228,367	\$10,842,372	\$(4,385,995)

RISK MANAGEMENT

To account for and finance its uninsured risks of loss, the City has established a Self-Insurance Fund (an internal service fund). Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$250,000 for each general liability claim, with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; coverage for up to a maximum of \$250,000 for each auto liability claim, with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; and coverage for up to a maximum of \$300,000 for each worker's compensation claim, with commercial insurance for claims in excess of coverage provided by the fund up to \$1,000,000.

The Self-Insurance Fund also provides coverage for auto/physical damage which requires a \$1,000 deductible per department per occurrence. The remaining balance on the claim is paid by the Self-Insurance Fund. See Note P in the Notes to Financial Statements for additional details.

LEGAL COMPLIANCE

The Single Audit Act of 1984 (P. L. 98-502) and related 1996 Amendments requires reports by the Auditors on compliance and on the internal control over financial reporting in accordance with Government Auditing Standards, the City's compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards. These reports, along with the City management's responses to the non-compliance findings, are presented in the Single Audit Section of this report.

INDEPENDENT AUDIT

Louisiana municipalities not audited by the Legislative Auditor are required by La. R.S. 24:517 to have conducted annually an audit of their accounts by a certified public accountant. Moreover, the City Charter (Section 2:28) requires that the Council shall execute a contract each year with a certified public accountant or a firm of certified public accountants for an examination of the accounts of the City to include all funds appropriated by the Council. These requirements have been complied with and the opinion of the firm of Ericksen, Krentel & LaPorte, L.L.P., Certified Public Accountants has been included in this report.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year-ended June 30, 2001. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

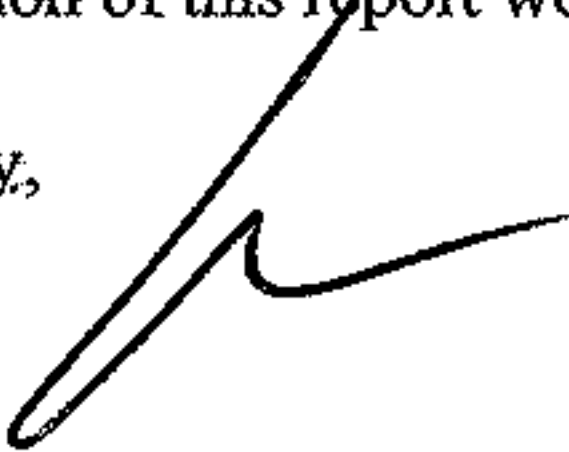
ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I would also like to thank the staff at Ericksen, Krentel & LaPorte, L.L.P., Certified Public Accountants, for their invaluable assistance in completing this Comprehensive Annual Financial Report of the City of Kenner.

In closing, without the leadership and support of the Mayor, the Chief Administrative Officer and the City Council, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Duke P. McConnell', with a stylized flourish at the end.

DUKE P. McCONNELL, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kenner,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas A. Drew
President

Jeffrey L. Esser
Executive Director

CURRENT SELECTED OFFICIALS OF THE CITY OF KENNER

CITY COUNCIL

Councilman at Large
Councilman at Large
District No. 1
District No. 2
District No. 3
District No. 4
District No. 5

Terry McCarthy
Dominic O. Weilbaecher
Marc E. Johnson
John T. Lavarine, III
Jeannie M. Black
Michele Branigan
Philip L. Capitano

EXECUTIVE STAFF

Mayor
Chief Administrative Officer
Deputy Chief Administrative Officer

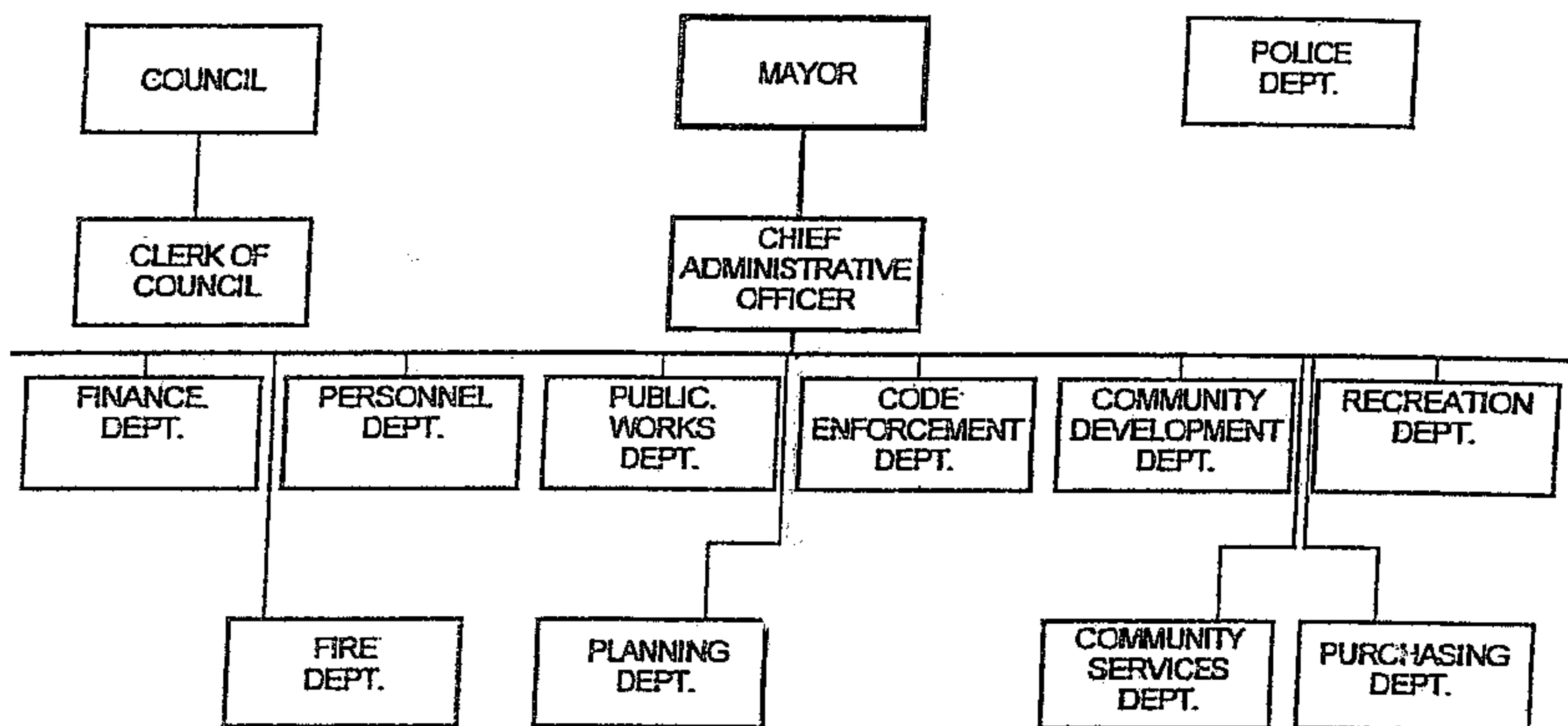
Honorable Louis J. Congemi
Joseph Nicolosi
Carol Luna

DEPARTMENT HEADS

City Attorney
Department of Code Enforcement
Department of Community Services
Department of Finance
Department of Personnel
Department of Planning
Department of Public Works
Fire Chief
Police Chief
Department of Community Development
Department of Purchasing

James Maxwell
Keith Chiro
Edgar Bernard
Duke P. McConnell
Beverly Nicolosi
Randy Clement
Mike Scardina
Mike Zito
Nick Congemi
Alfreda Rogers
Charlie Sulzer

ORGANIZATIONAL CHART
OF THE
CITY OF KENNER, LOUISIANA



CITY OF KENNER



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FINANCIAL SECTION

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ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
KENNETH J. ABNEY*
W. ERIC POWERS

*PROFESSIONAL CORPORATION
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Kenner, Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Kenner's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and guide require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Kenner, Louisiana as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2002, on our consideration of the City of Kenner's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Kenner, Louisiana, taken as a whole, and on the combining and individual fund account group financial statements. The accompanying financial information listed as supplementary information and statistical data in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Kenner, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements. These financial statements and schedules are also the responsibility of City management. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose, combining and individual fund and account group financial statements taken as a whole.

December 20, 2002


Certified Public Accountants

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**COMBINED FINANCIAL STATEMENTS OVERVIEW
("LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS)**

These basic financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CITY OF KENNER, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 2002

GOVERNMENTAL FUND TYPES

ASSETS AND OTHER DEBITS

Assets:

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>
Cash	\$ 1,235,280	\$ 31,287	\$ 360,440	\$ 1,532,467
Equity in pooled cash and investments	373,782	150,490	83,012	2,307,540
Investments	7,791,000	1,260,533	5,028,870	7,843,470
Receivables (net, where applicable, of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Accounts	4,331,687	-	-	-
Intergovernmental	3,127,510	2,297,706	666,724	2,653,001
Special assessments	-	-	-	-
Special assessments - delinquent	477	-	-	-
Interest	-	-	1,509	-
Other	-	856,130	-	186
Due from other funds	4,050,810	2,012,523	623,103	449,801
Inventory, at cost	88,249	-	-	-
Prepaid items	13,697	2,800	-	-
Deposits	-	-	-	-
Property, plant and equipment (net, where applicable, of accumulated depreciation)	-	-	-	-
Other debits				
Amount available:				
in Debt Service Funds	-	-	-	-
in Special Revenue Funds	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u><u>\$ 21,012,492</u></u>	<u><u>\$ 6,611,469</u></u>	<u><u>\$ 6,763,658</u></u>	<u><u>\$ 14,786,465</u></u>

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG - TERM DEBT	
\$ 637,191	\$ 1,382,040	\$ 46,513	\$ -	\$ -	\$ 5,225,218
263,548	-	1	-	-	3,178,373
1,365,942	4,088,795	801,531	-	-	28,180,141
-	-	1,520,715	-	-	1,520,715
41,088	-	-	-	-	4,372,775
171,371	-	261,583	-	-	9,177,895
-	-	-	-	-	-
-	-	-	-	-	477
-	-	1,628	-	-	3,137
1,485,875	-	60	-	-	2,342,251
136,853	1,700,688	-	-	-	8,973,778
-	-	-	-	-	88,249
324,107	4,000	-	-	-	344,604
3,669	-	-	-	-	3,669
67,916,381	-	-	125,072,981	-	192,989,362
-	-	-	-	6,141,818	6,141,818
-	-	-	-	-	-
-	-	-	-	44,341,891	44,341,891
<u>\$ 72,346,025</u>	<u>\$ 7,175,523</u>	<u>\$ 2,632,031</u>	<u>\$ 125,072,981</u>	<u>\$ 50,483,709</u>	<u>\$ 306,884,353</u>

(Continued)

CITY OF KENNER, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
June 30, 2002

GOVERNMENTAL FUND TYPES

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 689,095	\$ 317,928	\$ -	\$ 637,806
Contracts payable	-	53,013	-	9,267
Retainages payable	3,916	-	-	128,473
Current portion of mortgage notes payable	-	-	-	-
Accrued liabilities	723,837	165,787	-	-
Estimated claims payable	-	-	-	-
Deposits on future events	-	-	-	-
Due to other funds	2,324,938	3,892,790	-	1,100,414
Due to other governments	1,259,590	-	-	-
Refunds payable	-	-	-	-
Deferred revenues	1,726,982	998,715	108,732	-
Other liabilities	264,761	-	-	-
Compensated absences	-	-	-	-
Notes payable	-	-	-	-
Mortgage note payable	-	-	-	-
Advances - Jefferson Parish	-	-	-	-
General obligation and special sales tax bonds	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-
Capital leases	-	-	-	-
TOTAL LIABILITIES	6,993,119	5,428,233	108,732	1,875,960
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings				
Unreserved (deficit)	-	-	-	-
Fund balances:				
Reserved for				
Encumbrances	1,053,758	85,601	-	2,929,846
Inventory	88,249	-	-	-
Prepaid items	13,697	2,800	-	-
Restricted expenditures	968,655	-	-	-
Capital expenditures	6,707,091	-	-	-
Debt service	-	-	6,654,926	-
Employees' pension benefits	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	2,259,440	1,094,835	-	-
Designated for capital additions and improvements	-	-	-	9,980,659
Undesignated	2,928,483	-	-	-
TOTAL RETAINED EARNINGS/ FUND BALANCE	14,019,373	1,183,236	6,654,926	12,910,505
TOTAL EQUITY AND OTHER CREDITS	14,019,373	1,183,236	6,654,926	12,910,505
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 21,012,492	\$ 6,611,469	\$ 6,763,658	\$ 14,786,465

The accompanying notes are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG - TERM DEBT	TOTAL (MEMORANDUM ONLY)
\$ 263,354	\$ 462,243	\$ -	\$ -	\$ -	\$ 2,370,426
-	-	-	-	-	62,280
-	-	-	-	-	132,389
2,630	-	-	-	-	2,630
166,102	-	-	-	-	1,055,726
-	2,453,861	-	-	-	2,453,861
178,820	-	-	-	-	178,820
31,667	1,070	1,622,899	-	-	8,973,778
-	-	174,388	-	-	1,433,978
-	-	12,347	-	-	12,347
134,783	-	-	-	-	2,969,212
-	-	-	-	-	264,761
-	-	-	-	2,472,554	2,472,554
-	-	-	-	2,857,900	2,857,900
14,364	-	-	-	-	14,364
-	-	-	-	2,000,000	2,000,000
-	-	-	-	42,760,000	42,760,000
-	-	-	-	-	-
-	-	-	-	393,255	393,255
791,720	2,917,174	1,809,634	-	50,483,709	70,408,281
-	-	-	125,072,981	-	125,072,981
94,090,905	-	-	-	-	94,090,905
(22,536,600)	4,258,349	-	-	-	(18,278,251)
-	-	-	-	-	4,069,205
-	-	-	-	-	88,249
-	-	-	-	-	16,497
-	-	-	-	-	968,655
-	-	-	-	-	6,707,091
-	-	-	-	-	6,654,926
-	-	822,397	-	-	822,397
-	-	-	-	-	3,354,275
-	-	-	-	-	9,980,659
-	-	-	-	-	2,928,483
(22,536,600)	4,258,349	822,397	-	-	17,312,186
71,554,305	4,258,349	822,397	125,072,981	-	236,476,072
\$ 72,346,025	\$ 7,175,523	\$ 2,632,031	\$ 125,072,981	\$ 50,483,709	\$ 306,884,353

(Concluded)

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUNDS
 Year Ended June 30, 2002

	GOVERNMENTAL FUND TYPES	
	GENERAL	SPECIAL REVENUE
REVENUES		
Taxes	\$ 26,118,235	\$ 14,716,356
Licenses and permits	2,526,009	-
Intergovernmental	1,903,434	1,553,869
Charges for services	509,446	2,681,007
Fines and forfeitures	1,842,280	-
Special assessments	-	-
Interest	242,862	35,497
Miscellaneous	353,136	70,562
TOTAL REVENUES	33,495,402	19,057,291
EXPENDITURES		
Current		
General government	9,338,960	-
Public safety	19,362,608	4,681,592
Public works	4,934,157	6,285,282
Health and welfare	731,436	-
Culture and recreation	3,626,002	103,030
Transit and urban development	492,494	1,373,379
Miscellaneous	1,666,603	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Agent fees	-	-
Miscellaneous	-	-
Advance refunding escrow	-	-
TOTAL EXPENDITURES	40,152,260	12,443,283
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,656,858)	6,614,008
OTHER FINANCING SOURCES (USES)		
Operating transfers in	7,571,674	3,845,958
Operating transfers out	(5,755,795)	(10,908,306)
Advances - Jefferson Parish	-	-
Proceeds of refunding bonds	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,815,879	(7,062,348)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,840,979)	(448,340)
FUND BALANCES		
AT BEGINNING OF YEAR, AS RESTATED	18,860,352	1,631,576
AT END OF YEAR	\$ 14,019,373	\$ 1,183,236

The accompanying notes are an integral part of this statement.

DEBT SERVICE	CAPITAL PROJECTS	TOTAL (MEMORANDUM ONLY)
\$ 4,438,297	\$ -	\$ 45,272,888
-	-	2,526,009
-	1,417,119	4,874,422
-	-	3,190,453
-	-	1,842,280
-	-	-
144,663	397,671	820,693
233,226	30,227	687,151
4,816,186	1,845,017	59,213,896
-	321,237	9,660,197
-	462,880	24,507,080
-	6,864,018	18,083,457
-	-	731,436
-	4,267,703	7,996,735
-	-	1,865,873
-	-	1,666,603
-	-	-
3,324,903	-	3,324,903
2,479,481	-	2,479,481
1,500	23,475	24,975
18,000	-	18,000
-	-	-
5,823,884	11,939,313	70,358,740
(1,007,698)	(10,094,296)	(11,144,844)
1,475,668	5,473,260	18,366,560
-	(1,702,459)	(18,366,560)
-	750,000	750,000
-	1,507,500	1,507,500
1,475,668	6,028,301	2,257,500
467,970	(4,065,995)	(8,887,344)
6,186,956	16,976,500	43,655,384
\$ 6,654,926	\$ 12,910,505	\$ 34,768,040

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES
 Year Ended June 30, 2002

	GENERAL FUND				VARIANCE FAVORABLE (UNFAVORABLE)
	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	
REVENUES					
Taxes	\$ 26,118,235	\$ 151,478	\$ 26,269,713	\$ 26,450,948	\$ (181,235)
Licenses and permits	2,526,009	-	2,526,009	2,551,160	(25,151)
Intergovernmental	1,903,434	(362,290)	1,541,144	1,612,016	(70,872)
Charges for services	509,446	-	509,446	590,132	(80,686)
Fines and forfeitures	1,842,280	-	1,842,280	1,886,327	(44,047)
Interest	242,862	(14,392)	228,470	495,780	(267,310)
Miscellaneous	353,136	(27,930)	325,206	167,940	157,266
TOTAL REVENUES	33,495,402	(253,134)	33,242,268	33,754,303	(512,035)
EXPENDITURES					
Current					
General government	9,338,960	(798,928)	8,540,032	9,525,729	985,697
Public safety	19,362,608	315,252	19,677,860	25,456,873	5,779,013
Public works	4,934,157	(102,637)	4,831,520	4,891,894	60,374
Health and welfare	731,436	1,227	732,663	734,748	2,085
Culture and recreation	3,626,002	(186,263)	3,439,739	3,760,402	320,663
Transit and urban development	492,494	-	492,494	487,376	(5,118)
Miscellaneous	1,666,603	(15,129)	1,651,474	1,661,760	10,286
TOTAL EXPENDITURES	40,152,260	(786,478)	39,365,782	46,518,782	7,153,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,656,858)	533,344	(6,123,514)	(12,764,479)	6,640,965
OTHER FINANCING SOURCES (USES)					
Operating transfers in	7,571,674	(27,549)	7,544,125	7,776,635	(232,510)
Operating transfers out	(5,755,795)	-	(5,755,795)	(5,591,095)	(164,700)
TOTAL OTHER FINANCING SOURCES	1,815,879	(27,549)	1,788,330	2,185,540	(397,210)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,840,979)	505,795	(4,335,184)	(10,578,939)	6,243,755
FUND BALANCES					
AT BEGINNING OF YEAR, AS RESTATE	18,860,352	1,684,171	20,544,523	20,544,523	-
AT END OF YEAR	\$ 14,019,373	\$ 2,189,966	\$ 16,209,339	\$ 9,965,584	\$ 6,243,755

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES (CONTINUED)
 Year Ended June 30, 2002

SPECIAL REVENUE FUNDS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes	\$ 14,716,356	\$ -	\$ 14,716,356	\$ 15,327,448	\$ (611,092)
Intergovernmental	1,553,869	546,119	2,099,988	3,126,567	(1,026,579)
Charges for services	2,681,007	-	2,681,007	2,694,540	(13,533)
Interest	35,497	-	35,497	89,005	(53,508)
Miscellaneous	70,562	-	70,562	10,000	60,562
TOTAL REVENUES	19,057,291	546,119	19,603,410	21,247,560	(1,644,150)
EXPENDITURES					
Current					
Public safety	4,681,592	(672)	4,680,920	5,693,827	1,012,907
Public works	6,285,282	1,644	6,286,926	6,451,729	164,803
Culture and recreation	103,030	-	103,030	366,465	263,435
Urban development	1,373,379	546,119	1,919,498	2,803,309	883,811
TOTAL EXPENDITURES	12,443,283	547,091	12,990,374	15,315,330	2,324,956
EXCESS OF REVENUES OVER EXPENDITURES	6,614,008	(972)	6,613,036	5,932,230	680,806
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,845,958	-	3,845,958	4,133,676	(287,718)
Operating transfers out	(10,908,306)	-	(10,908,306)	(11,477,798)	569,492
TOTAL OTHER FINANCING SOURCES (USES)	(7,062,348)	-	(7,062,348)	(7,344,122)	281,774
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(448,340)	(972)	(449,312)	(1,411,892)	962,580
FUND BALANCES					
AT BEGINNING OF YEAR, RESTATED	1,631,576	(60,880)	1,570,696	1,597,929	(27,233)
AT END OF YEAR	\$ 1,183,236	\$ (61,852)	\$ 1,121,384	\$ 186,037	\$ 935,347

(Continued)

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES (CONTINUED)
 Year Ended June 30, 2002

DEBT SERVICE FUNDS					
	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes	\$ 4,438,297	\$ -	\$ 4,438,297	\$ 4,315,246	\$ 123,051
Interest	144,663	-	144,663	299,274	(154,611)
Miscellaneous	233,226	(125,613)	107,613	89,422	18,191
TOTAL REVENUES	4,816,186	(125,613)	4,690,573	4,703,942	(13,369)
EXPENDITURES					
Debt service					
Principal	3,324,903	(94,297)	3,230,606	3,315,606	85,000
Interest and fiscal charges	2,479,481	(31,316)	2,448,165	2,495,365	47,200
Agent fees	1,500	-	1,500	1,500	-
Miscellaneous	18,000	-	18,000	18,000	-
TOTAL EXPENDITURES	5,823,884	(125,613)	5,698,271	5,830,471	132,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,007,698)	-	(1,007,698)	(1,126,529)	118,831
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,475,668	-	1,475,668	1,136,931	338,737
TOTAL OTHER FINANCING SOURCES (USES)	1,475,668	-	1,475,668	1,136,931	338,737
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	467,970	-	467,970	10,402	457,568
FUND BALANCES					
AT BEGINNING OF YEAR	6,186,956	-	6,186,956	6,186,956	-
AT END OF YEAR	\$ 6,654,926	\$ -	\$ 6,654,926	\$ 6,197,358	\$ 457,568

The accompanying notes are an integral part of this statement.

(Continued)

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES (CONTINUED)
 Year Ended June 30, 2002

TOTALS (MEMORANDUM ONLY)					
	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes	\$ 45,272,888	\$ 151,478	\$ 45,424,366	\$ 46,093,642	\$ (669,276)
Licenses and permits	2,526,009	-	2,526,009	2,551,160	(25,151)
Intergovernmental	3,457,303	183,829	3,641,132	4,738,583	(1,097,451)
Charges for services	3,190,453	-	3,190,453	3,284,672	(94,219)
Fines and forfeitures	1,842,280	-	1,842,280	1,886,327	(44,047)
Special assessments	-	-	-	-	-
Interest	423,022	(14,392)	408,630	884,059	(475,429)
Miscellaneous	656,924	(153,543)	503,381	267,362	236,019
TOTAL REVENUES	57,368,879	167,372	57,536,251	59,705,805	(2,169,554)
EXPENDITURES					
Current					
General government	9,338,960	(798,928)	8,540,032	9,525,729	985,697
Public safety	24,044,200	314,580	24,358,780	31,150,700	6,791,920
Public works	11,219,439	(100,993)	11,118,446	11,343,623	225,177
Health and welfare	731,436	1,227	732,663	734,748	2,085
Culture and recreation	3,729,032	(186,263)	3,542,769	4,126,867	584,098
Transit and urban development	1,865,873	546,119	2,411,992	3,290,685	878,693
Miscellaneous	1,666,603	(15,129)	1,651,474	1,661,760	10,286
Debt service					
Principal	3,324,903	(94,297)	3,230,606	3,315,606	85,000
Interest and fiscal charges	2,479,481	(31,316)	2,448,165	2,495,365	47,200
Agent fees	1,500	-	1,500	1,500	-
Miscellaneous	18,000	-	18,000	18,000	-
Advance refunding escrow	-	-	-	-	-
TOTAL EXPENDITURES	58,419,427	(365,000)	58,054,427	67,664,583	9,610,156
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,050,548)	532,372	(518,176)	(7,958,778)	7,440,602
OTHER FINANCING SOURCES (USES)					
Operating transfers in	12,893,300	(27,549)	12,865,751	13,047,242	(181,491)
Operating transfers out	(16,664,101)	-	(16,664,101)	(17,068,893)	404,792
TOTAL OTHER FINANCING SOURCES (USES)	(3,770,801)	(27,549)	(3,798,350)	(4,021,651)	223,301
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,821,349)	504,823	(4,316,526)	(11,980,429)	7,663,903
FUND BALANCES					
AT BEGINNING OF YEAR, AS RESTATED	26,678,884	1,623,291	28,302,175	28,329,408	(27,233)
AT END OF YEAR	\$ 21,857,535	\$ 2,128,114	\$ 23,985,649	\$ 16,348,979	\$ 7,636,670

(Concluded)

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS (DEFICIT) / FUND BALANCE -
 PROPRIETARY FUND TYPES
 Year Ended June 30, 2002

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
OPERATING REVENUES			
Charges for services	\$ 5,699,676	\$ 5,597,795	\$ 11,297,471
Miscellaneous	15,696	-	15,696
TOTAL OPERATING REVENUES	5,715,372	5,597,795	11,313,167
OPERATING EXPENSES			
Supplies and office expense	22,371	-	22,371
Building and maintenance expenses	456,991	-	456,991
Outside services	5,765,375	700,624	6,465,999
Insurance claims	-	144,648	144,648
Insurance premiums	54,759	3,468,271	3,523,030
General expense			
Depreciation	2,347,773	-	2,347,773
Other	267,749	-	267,749
TOTAL OPERATING EXPENSES	8,915,018	4,313,543	13,228,561
OPERATING INCOME (LOSS)	(3,199,646)	1,284,252	(1,915,394)
NON-OPERATING REVENUES (EXPENSES)			
Ad valorem taxes	485,436	-	485,436
Hotel/motel taxes	399,750	-	399,750
Cable television franchise fees	559,851	-	559,851
Interest income	47,468	122,263	169,731
Gain on fair market value of investments	643	10,275	10,918
Interest expense	(1,785)	-	(1,785)
TOTAL NON-OPERATING REVENUES	1,491,363	132,538	1,623,901
NET INCOME (LOSS)	(1,708,283)	1,416,790	(291,493)
RETAINED EARNINGS (DEFICIT)/FUND BALANCE AT BEGINNING OF YEAR	(20,828,317)	2,841,559	(17,986,758)
AT END OF YEAR	\$ (22,536,600)	\$ 4,258,349	\$ (18,278,251)

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
PENSION TRUST FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended June 30, 2002

	<u>FIREMEN'S PENSION AND RELIEF</u>
ADDITIONS	
Investment Income:	
Net depreciation in fair value	\$ (115,733)
Interest	14,263
Dividends	<u>13,143</u>
Total Investment Income	(88,327)
Less Investment Expense	<u>3,348</u>
Net Investment Income	<u>(91,675)</u>
DEDUCTIONS	
Continued service incentive	18,380
Administrative expenses	<u>17,717</u>
TOTAL DEDUCTIONS	<u>36,097</u>
NET DECREASE	(127,772)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
AT BEGINNING OF YEAR	<u>950,169</u>
AT END OF YEAR	<u><u>\$ 822,397</u></u>

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
Year Ended June 30, 2002

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:			
Cash flows from operating activities:			
Operating income (loss)	\$ (3,199,646)	\$ 1,284,252	\$ (1,915,394)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,347,773	-	2,347,773
Change in current assets (increase) decrease:			
Receivables	38,766	-	38,766
Due from other funds	(5,932)	(1,700,688)	(1,706,620)
Intergovernmental	(57,569)	-	(57,569)
Prepaid expenses	103,028	-	103,028
Change in current liabilities increase (decrease):			
Accounts payable	31,493	(13,054)	18,439
Deferred revenue	(69,708)	-	(69,708)
Accrued liabilities	20,299	(109,714)	(89,415)
Due to other funds	(59,930)	(2,923)	(62,853)
Deposits on future events	(11,927)	-	(11,927)
TOTAL ADJUSTMENTS	2,336,293	(1,826,379)	509,914
Net cash provided by (used for) operating activities	(863,353)	(542,127)	(1,405,480)
Cash flows from noncapital financing activities:			
Ad valorem taxes	485,436	-	485,436
Hotel/motel taxes	399,750	-	399,750
Cable television franchise fees	559,851	-	559,851
Net cash provided by noncapital financing activities	1,445,037	-	1,445,037
Cash flows (used for) capital and related financing activities:			
Principal payments - mortgage payable	(2,387)	-	(2,387)
Interest payments	(1,785)	-	(1,785)
Acquisition of property, plant, and equipment	(237,990)	-	(237,990)
Net cash used by capital and related financing activities	(242,162)	-	(242,162)

The accompanying notes are an integral part of this statement.

CITY OF KENNER, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES (CONTINUED)
 Year Ended June 30, 2002

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
Cash flows (used for) investing activities:			
Purchases of investments	\$ (123,725)	\$ (17,062,963)	\$ (17,186,688)
Proceeds from maturities of investments	-	17,838,249	17,838,249
Interest received	47,468	161,175	208,643
Net cash provided by (used for) investing activities	(76,257)	936,461	860,204
Net increase (decrease) in cash and cash equivalents	263,265	394,334	657,599
Cash and cash equivalents, beginning of year	637,474	987,706	1,625,180
Cash and cash equivalents, end of year	<u>\$ 900,739</u>	<u>\$ 1,382,040</u>	<u>\$ 2,282,779</u>
RECONCILIATION TO BALANCE SHEET ACCOUNTS:			
Cash	\$ 637,191	\$ 1,382,040	\$ 2,019,231
Equity in pooled cash and investments	263,548	-	263,548
Cash and cash equivalents, end of year	<u>\$ 900,739</u>	<u>\$ 1,382,040</u>	<u>\$ 2,282,779</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Contributions of capital	\$ 701,463	\$ -	\$ 701,463
Acquisitions of property, plant, and equipment through capital contributions	(701,463)	-	(701,463)
Gain on fair market value of investments	643	10,275	10,918
(Increase) in fair market value of investments	(643)	(10,275)	(10,918)
Net effect of noncash activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Kenner, Louisiana's (the "City") system of government is established by its Home Rule Charter which became effective in 1974. The City operates under a mayor-council form of government. The financial statements of City of Kenner, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. REPORTING ENTITY

Under Governmental Accounting Standards Board (GASB) Statement No. 14, the financial statements of the reporting entity present the primary government (the "City") and its component units. Component units are defined as legally separate organizations for which the elected officials of the primary government (the City) are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are included in the City's reporting entity either as a blended component unit or as a discretely presented component unit because of the significance of its operational or financial relationship with the City.

The Firemen's Pension and Relief Fund is a legally separate entity from the City. It is governed by a five member Board of Trustees of which three of these members include the City's Mayor and two members of the City's Council. For financial reporting purposes, the Firemen's Pension and Relief Fund is reported as if it were a part of the City's operations (blended) because its purpose is to finance and provide a retirement system for the fire department employees of the City and because its exclusion would render the financial statements incomplete or misleading. Separate financial statements of the Firemen's Pension and Relief Fund are available by contacting the City of Kenner.

The Police Chief is an elected official elected by the citizenry in a general, popular election. The City Council approves the annual budget for the Police Department and dedicates portions of the City's revenues to fund this department. The Police Department is not legally separate, and therefore is a function of the primary government and its operations are reported as a part of the City's General Fund.

2. FUND ACCOUNTING

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either for outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

New Reporting Standard

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The City is required to implement this standard for the fiscal year ended June 30, 2003. The City has developed an implementation plan, but has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

3. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers ad valorem (property) taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, beer taxes, parking taxes and certain state shared revenues such as tobacco taxes, parish transportation funds, and video poker monies. Sales taxes collected and held by intermediary collecting governments at year-end on behalf of the City government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting"*, it is the policy of the City's proprietary funds to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

4. BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control device and budgets are legally adopted at the fund level, except for the General Fund for which appropriations are adopted at the department level. Budgets are included for the following funds:

General Fund

Special Revenue Funds

- One Percent Sales Tax of 1984
- Community Development Block Grant
- Garbage Collection and Disposal
- Roads and Bridges
- Street Lighting
- Fire Department

Debt Service Funds

- General Debt
- Ad Valorem Tax Bonds
- Firemen's Pension Merger Fund

Enterprise Funds

- Department of Wastewater Operations
- Civic Center Operations

Budgetary data for the Capital Project Funds are not presented since these funds are budgeted over the life of the respective project and not on an annual basis. Budgetary accounting is not used for the Internal Service Funds (Self Insurance and Health Insurance Funds) because management considers effective budgetary control achieved since their amounts, which are charged back to other funds, are included as expenditures in each Fund's budget.

Expenditures may not exceed budgeted appropriations at the fund level, except for the General Fund which is at the departmental level. Appropriations lapse at year-end. Furthermore, appropriations which are not expended nor encumbered are dedicated to capital outlay for that department and are rebudgeted in the following year.

Budgets for the General, Special Revenue, Debt Service Funds, and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund, Special Revenue Funds, Enterprise Funds, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures nor liabilities because the commitments will be honored during the subsequent fiscal year.

6. CASH, INVESTMENTS AND POOLED ASSETS

The City maintains three cash and investment pools as follows:

- a. General Pool - maintains cash balances for all funds except the paving assessments, sewerage assessments, and the Pension Trust Fund.
- b. Paving Assessments Pool - maintains cash balances for the General Fund and Debt Service Fund.
- c. Sewerage Assessments Pool - maintains cash balances for the General Fund and Debt Service Fund.

The City follows the practice of pooling cash and investments of all funds except for restricted funds due to Trust Agreements and Bond Indenture Agreements, and the City's component unit, the Firemen's Pension and Relief Fund. Total cash, investments, and accrued interest on investments of the Pool are reported in all funds as "Equity in Pooled Cash and Investments". Funds with a negative Equity in Pooled Cash and Investments report the advance as an interfund payable and the General Fund, which has been determined to be the receivable fund by management, reports an offsetting interfund receivable. Interest earned on pooled cash and investments is allocated to each individual fund based on its month end "Equity in Pooled Cash and Investments".

The entire cash balances in the General Pool Cash account, the Capital Projects Funded with Bond Proceeds and the Enterprise Funds are swept and invested into interest bearing bank accounts and overnight repurchase agreements earning Federal Funds rate less 15 and 50 basis points, respectively. The market value of the underlying security in the repurchase agreement transaction is at least 105% of the carrying amount of repurchase agreement. Interest is allocated among funds in the General Pool Cash account on the basis of ending monthly cash balances. The balances not needed for transactions in the other accounts are deposited in individual money market funds earning interest at market rates; minimal checks can be written on these accounts.

Cash reported on the Combined Balance Sheet includes amounts in demand deposits, certificates of deposit, and short-term investments with a maturity date within three months of the date purchased.

State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 110% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

State Law R.S. 33:2955 allows the investment in U.S. bonds, treasury notes, certificates or other obligations of the United States of America, which may include certificates, mutual funds or other evidences of an ownership interest in such obligations, which may consist of specified portions of interest thereon, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, or any other federally insured investment. The Firemen's Pension and Relief Fund, a component unit of the City, is also allowed to invest in corporate debt and equity securities.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, all investments are reported at fair value with gains and losses included in the statement of revenues and expenses.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of the statement of cash flows of the Proprietary Funds, cash and cash equivalents includes the following items: demand deposits, petty cash, certificates of deposit, "equity in pooled cash and investments" and short-term investments with a maturity of three months or less.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

8. INVENTORIES

The costs of materials and supplies acquired by the governmental funds are recorded as expenditures at the time of purchase. The inventory of such materials and supplies at June 30, 2002, would not be material to the financial statements. However, the inventory of parts for vehicle maintenance, which is accounted for under the consumption method, is considered to be material and is recorded in the General Fund at cost, determined by the first-in, first-out method.

9. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2002 are recorded as prepaid items.

10. FIXED ASSETS

GENERAL FIXED ASSETS

Fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital asset acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized as general fixed assets.

Assets in the general fixed assets account group are not depreciated.

PROPRIETARY FUND ASSETS

Depreciation of property, plant and equipment in the proprietary fund types is computed using the straight-line method with estimated useful lives as noted in Note F.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. COMPENSATED ABSENCES

Vacation (annual leave) and sick pay (sick leave) are accrued when earned in the Proprietary Funds. Such amounts are not accrued in the governmental funds, as the amount left unpaid at the end of the fiscal period would not be liquidated with expendable available financial resources. Accumulated annual leave and vested sick leave as of the end of the fiscal year is valued using employees' current rates of pay and the total is included in the General Long-Term Debt Account Group, which represents the City's commitment to fund such costs from future operations.

In Proprietary Fund types, annual and sick leave are expensed when earned by the employee. A liability is recorded for accumulated annual leave and vested sick leave as of the end of the fiscal year using employees' current rates of pay.

In accordance with Statement No. 16 of the Governmental Accounting Standards Board, *"Accounting for Compensated Absences"*, an additional liability is recorded for salary related payments associated with the future payment of compensated absences.

12. LONG-TERM OBLIGATIONS

Long-term debt expected to be financed from governmental funds is accounted for in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

13. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

14. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

15. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position and results of operations in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET

The procedures used by the City in establishing the budgetary data reflected in the financial statements are as follows:

- a. Not less than 60 days before the end of the fiscal year, the Mayor recommends to the City Council a proposed operating budget for the ensuing fiscal year. The budget is prepared by fund, department (for the General Fund), function, and object, and includes information on the past year, current year estimates, and requested appropriations for the ensuing fiscal year.
- b. The proposed budget is summarized and advertised and, within 30 days thereafter, public hearings are conducted to obtain taxpayer comments.
- c. The operating budget is then legally adopted through council ordinance prior to June 1.
- d. The Mayor is authorized to transfer budgeted amounts within funds, except for the General Fund which is at the departmental level; however, any revisions that alter the total expenditures of a fund or department in the case of the General Fund must be approved by the City Council. A reconciliation of the originally adopted budget to the Revised Budget (including supplemental appropriations through June 30) is presented below:

	<u>ORIGINAL</u>	<u>REVISED</u>	<u>INCREASE (DECREASE)</u>
<u>General Fund</u>			
Revenues and other financing sources	\$ 41,621,772	\$ 41,530,938	\$ (90,834)
Expenditures and other financing uses	<u>41,621,772</u>	<u>52,109,877</u>	<u>10,488,105</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (10,578,939)</u>	<u>\$ (10,578,939)</u>
<u>Special Revenue Funds</u>			
Revenues and other financing sources	\$ 21,731,322	\$ 25,381,236	\$ 3,649,914
Expenditures and other financing uses	<u>23,143,214</u>	<u>26,793,128</u>	<u>3,649,914</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (1,411,892)</u>	<u>\$ (1,411,892)</u>	<u>\$ -</u>
<u>Debt Service Funds</u>			
Revenues and other financing sources	\$ 5,840,873	\$ 5,840,873	\$ -
Expenditures and other financing uses	<u>5,830,471</u>	<u>5,830,471</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 10,402</u>	<u>\$ 10,402</u>	<u>\$ -</u>

The sources for these supplemental appropriations include the prior year's fund balances and current year federal grants.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Actual and Budget (Budgetary Basis) - General, Special Revenue, and Debt Service Fund Types presents comparisons of the legally adopted budget, with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differs from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of the resulting basis and timing differences in excess of revenues and other financing sources over expenditures and other financing uses for the year ended June 30, 2002, is presented below:

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (budgetary basis)	\$ (4,335,184)	\$ (995,431)	\$ 467,970
Adjustments:			
Timing differences:			
To adjust for encumbrances	<u>505,795</u> (4,840,979)	<u>547,091</u> (448,340)	<u>-</u> 467,970
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ (4,840,979)</u>	<u>\$ (448,340)</u>	<u>\$ 467,970</u>

EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following fund had expenditures in excess of appropriations for the year ended June 30, 2002.

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Fund			
Street Lighting Fund	<u>\$ 1,005,476</u>	<u>\$ 1,003,329</u>	<u>\$ (2,147)</u>

Expenditures exceeded appropriation in the Street Lighting Fund. The City's budget is prepared on a cash basis, however, certain expenditures were accrued for financial statement purposes resulting in expenditures exceeding appropriations.

Budgetary control is maintained at the department level for the General Fund. Certain sections within departments of the General Fund reported expenditures in excess of appropriations. However, since no department's expenditures exceed appropriations further disclosure of these sections is not deemed necessary.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

DEFICIT FUND BALANCES/RETAINED EARNINGS

The following funds had deficits in fund balance/retained earnings at June 30, 2002:

DEFICIT IN FUND BALANCE/RETAINED EARNINGS

Enterprise Funds	
Department of Wastewater Operations	\$ 19,976,887
Civic Center Operations	<u>2,559,713</u>
	<u>\$ 22,536,600</u>

The deficits in the Enterprise Funds are a result of depreciation expense.

NOTE C - DEPOSITS AND INVESTMENTS

At year-end, the carrying amount of the City's deposits was \$8,403,591 and the bank balance was \$12,684,014. The bank balance is categorized as follows:

Amount insured by the FDIC, or collateralized with securities held by the City's agent in the City's name.	<u>\$ 12,684,014</u>
--	----------------------

The City's investments at year-end are categorized below to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	<u>CATEGORY</u>			<u>FAIR VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government securities	\$ 116,402	\$ -	\$ -	\$ 116,402
U.S. Instrumentality securities (FNMA, FHLB, etc.)	22,349,738	-	3,809,208	26,158,946
Stocks	<u>337,399</u>	<u>-</u>	<u>-</u>	<u>337,399</u>
	<u>\$ 22,803,539</u>	<u>\$ -</u>	<u>\$3,809,208</u>	
Mutual funds				<u>1,567,394</u>
Total Investments				<u>\$ 28,180,141</u>

The mutual funds are owned by the Firemen's Pension and Relief Fund and Debt Service Funds. The stocks are owned by the Firemen's Pension and Relief Fund.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE D - EQUITY IN POOLED CASH AND INVESTMENTS

A reconciliation of total equity in pooled cash and investments is presented below.

<u>Equity in Pooled Cash and Investments</u>	<u>GENERAL POOL</u>	<u>PAVING ASSESSMENTS POOL</u>	<u>SEWERAGE ASSESSMENTS POOL</u>	<u>TOTALS</u>
Cash (Bank Overdraft)	\$ (3,845,405)	\$ 255,302	\$ 5,221	\$ (3,585,382)
Repurchase Agreement	<u>6,763,255</u>	<u>-</u>	<u>-</u>	<u>6,763,755</u>
Total Equity in Pooled Cash and Investments	<u>\$ 2,917,850</u>	<u>\$ 255,302</u>	<u>\$ 5,221</u>	<u>\$ 3,178,373</u>
<u>Equity in Pool By Fund Type</u>				
General	\$ 113,259	\$ 255,302	\$ 5,221	\$ 373,782
Special Revenue	150,490	-	-	150,490
Debt Service	83,012	-	-	83,012
Capital Projects	2,307,540	-	-	2,307,540
Enterprise	263,548	-	-	263,548
Trust and Agency	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Equity in Pool	<u>\$ 2,917,850</u>	<u>\$ 255,302</u>	<u>\$ 5,221</u>	<u>\$ 3,178,373</u>

The amount which is shown as a bank overdraft represents outstanding checks for which the bank has invested in a repurchase agreement. The repurchase agreement and the amount shown as bank overdraft are held in the same bank account, therefore, there is no actual bank overdraft but rather excess funds invested in the repurchase agreement pursuant to an agreement held with the bank.

NOTE E - RECEIVABLES

Receivables at June 30, 2002 consist of the following (in thousands of dollars):

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>FIDUCIARY</u>	<u>TOTAL</u>
Receivables:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,564	\$ 1,564
Accounts	4,332	-	-	-	41	-	-	4,373
Intergovernmental	3,128	2,298	667	2,653	171	-	261	9,178
Special assessments- delinquent	1,128	-	-	-	-	-	-	1,128
Interest	-	-	1	-	-	-	2	3
Other	<u>-</u>	<u>856</u>	<u>-</u>	<u>-</u>	<u>1,548</u>	<u>-</u>	<u>-</u>	<u>2,404</u>
	8,588	3,154	668	2,653	1,760	-	1,827	18,650
Gross receivables								
Less: allowance for estimated uncol- lectibles	<u>651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>	<u>-</u>	<u>43</u>	<u>756</u>
Net total receivables	<u>\$ 7,937</u>	<u>\$ 3,154</u>	<u>\$ 668</u>	<u>\$ 2,653</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 1,784</u>	<u>\$17,894</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE E - RECEIVABLES (CONTINUED)

An allowance for estimated uncollectible receivables is established based on historical collection experience and other relevant circumstances. The allowance for estimated uncollectibles at June 30, 2002, consists of the following amounts:

General Fund	<u>\$ 651,108</u>
Enterprise Funds	
Department of Wastewater Operations	<u>\$ 61,807</u>
Fiduciary Funds	
Ad Valorem Tax Collection	<u>\$ 43,175</u>

NOTE F - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	<u>BALANCE JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>RETIREMENT</u>	<u>COMPLETED CONSTRUCTION</u>	<u>TRANSFERS (TO) FROM OTHER FUNDS</u>	<u>BALANCE JUNE 30, 2002</u>
Land	\$ 12,209,224	\$ 2,828,764	\$ -	\$ -	\$ -	\$ 15,037,988
Buildings	28,787,099	1,772,888	-	-	-	30,559,987
Improvements other than buildings	38,041,835	1,596,083	-	-	-	39,637,918
Furniture, fixtures and equipment	14,644,520	983,938	(213,943)	-	-	15,414,515
Vehicles	13,469,775	2,175,214	-	-	-	15,644,989
Construction in progress	<u>9,100,039</u>	<u>2,868,609</u>	<u>-</u>	<u>(3,191,064)</u>	<u>-</u>	<u>8,777,584</u>
Total general fixed assets, as restated	<u>\$116,252,492</u>	<u>\$ 12,225,496</u>	<u>\$ (213,943)</u>	<u>\$ (3,191,064)</u>	<u>\$ -</u>	<u>\$125,072,981</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE F - FIXED ASSETS (CONTINUED)

Construction in progress is comprised of the following:

	PROJECT/CONTRACT AUTHORIZATION JUNE 30, 2002	EXPENDED TO JUNE 30, 2002	COMMITTED	REQUIRED FUTURE FINANCING
Public Works:				
Lift Station Improvements	\$ 539,807	\$ 98,144	\$ 441,663	\$ 441,663
Loyola Drive Project Phase II	4,122,784	4,092,343	30,441	30,441
Drainage Master Plan	387,875	341,375	46,500	46,500
Vintage Drive Improvements	1,449,427	1,429,068	20,359	20,359
Aberdeen Street Improvements	<u>82,710</u>	<u>72,615</u>	<u>10,095</u>	<u>10,095</u>
 TOTAL PUBLIC WORKS	 <u>\$ 6,582,603</u>	 <u>\$ 6,033,545</u>	 <u>\$ 549,058</u>	 <u>\$ 549,058</u>
Culture and Recreation:				
Linear Park, Phase II	\$ 61,831	\$ 25,509	\$ 36,322	\$ 36,322
Rivertown Museum Theater	67,888	67,888	-	-
Planetarium	4,751,659	2,347,677	2,403,982	2,403,982
Lincoln Manor Comm. Resource Ctr.	840,435	289,547	550,888	550,888
Bertolino Stadium	<u>27,900</u>	<u>13,418</u>	<u>14,482</u>	<u>14,482</u>
 TOTAL CULTURE AND RECREATION	 <u>\$12,332,316</u>	 <u>\$ 2,744,039</u>	 <u>\$ 3,005,674</u>	 <u>\$ 3,005,674</u>
 TOTAL CONSTRUCTION IN PROGRESS	 <u>\$12,332,316</u>	 <u>\$ 8,777,584</u>	 <u>\$ 3,554,732</u>	 <u>\$ 3,554,732</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE F - FIXED ASSETS (CONTINUED)

The following is a summary of proprietary fixed assets at June 30, 2002:

	ENTERPRISE FUNDS		
	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL
Land and improvements	\$ 1,825,937	\$ 5,487,658	\$ 7,313,595
Building and improvements	75,217,384	16,631,909	91,849,293
Furniture and fixtures	151,167	3,314,806	3,465,973
Vehicles and field equipment	1,707,608	-	1,707,608
Construction in progress	<u>657,052</u>	<u>-</u>	<u>657,052</u>
Total	79,559,148	25,434,373	104,993,521
Less: accumulated depreciation	<u>(31,196,621)</u>	<u>(5,880,519)</u>	<u>(37,077,140)</u>
Net	<u>\$ 48,362,527</u>	<u>\$ 19,553,854</u>	<u>\$ 67,916,381</u>

The following estimated useful lives (in years) are used for computing depreciation and amortization:

	ENTERPRISE FUNDS	
	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS
Buildings and improvements	10-15	20-50
Utility plants, stations and lines	50	-
Vehicles, machinery and equipment	5	5
Furniture and fixtures	10	10

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE G - LONG-TERM DEBT

BONDS AND CERTIFICATES

Long-term debt at June 30, 2002 includes the following serial bonds and certificates:

<u>DESCRIPTION</u>	<u>INTEREST RATES</u>	<u>FINAL MATURITY DATE</u>	<u>RANGE OF ANNUAL PRINCIPAL PAYMENTS</u>		<u>(IN THOUSANDS OF DOLLARS)</u>	
			<u>FROM</u>	<u>TO</u>	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUT- STANDING</u>
General Obligation, Special Tax and Excess Revenue Bonds						
General Obligation Refunding Bonds, Series 1992	5.40 - 5.75	03-01-05	\$ 205,000	\$ 260,000	\$ 2,595	\$ 750
Sales Tax Refunding Bonds, Series 1992	5.35 - 6.125	06-01-12	\$ 1,515,000	\$ 2,945,000	36,580	23,220
Sales Tax Bonds, Series 1994	2.95	06-01-16	\$ 480,000	\$ 740,000	11,428	8,645
Sales Tax Bonds, Series 1995A	2.95	06-01-16	\$ 60,000	\$ 90,000	1,463	1,055
Certificates of Indebtedness, Series 2000	5.375	01-01-10	\$ 685,000	\$ 1,155,000	9,000	7,590
Certificates of Indebtedness, Series 2001	2.85 - 4.10	07-01-11	\$ 85,000	\$ 200,000	<u>1,500</u>	<u>1,500</u>
TOTAL BONDS AND CERTIFICATES					<u>\$ 62,566</u>	<u>\$ 42,760</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE G – LONG-TERM DEBT (CONTINUED)

Additional information pertaining to the foregoing bonds and certificates is as follows:

GENERAL OBLIGATION, SPECIAL TAX AND EXCESS REVENUE BONDS

1. General Obligation Refunding Bonds

These bonds are secured by, and payable from ad valorem taxes collected in the Ad Valorem Tax Bonds Fund. At June 30, 2002, \$750,000 of such bonds were outstanding and \$226,620 was available in the Debt Service Funds.

2. Sales Tax Bonds

The Sales Tax Refunding Bonds, Series 1992 and the Sales Tax Bonds, Series 1994 and 1995A are all obligations of the City. These bonds are secured by, and payable from the City's allocation of the proceeds of sales taxes collected pursuant to Louisiana Legislative Acts 188 of 1954 and 29 of 1966 collected and remitted by the Parish of Jefferson. At June 30, 2002, bonds outstanding were \$23,220,000, \$8,645,000 and \$1,055,000, respectively. The amount available in the Debt Service Funds was \$5,000,925.

The amounts outstanding for the Sales Tax Bonds, Series 1994 and 1995A represent the unpaid amounts drawn down as of June 30, 2002 through loans obtained from the Louisiana Department of Environmental Quality. These loans are secured by the Sales Tax Bonds, Series 1994 and 1995A.

The City has developed a Wastewater Compliance Plan as a result of an EPA Administrative Order to perform those tasks necessary for its three wastewater treatment plants to comply with the effluent limitations of their discharge permits. In July 1994, the City obtained approval for a loan in the amount of \$11,430,000 from the Louisiana Department of Environmental Quality (LDEQ), of which \$11,427,803 was actually received. The loan will be repaid over a period of twenty years commencing with the completion of the project. Interest payments and an administrative fee is payable semi-annually at a rate of 2.45% and .50%, respectively, based on the total amounts drawn on the loan. At June 30, 2002, the loan had an outstanding balance of \$8,645,000. Total interest and administrative fees paid during the year ended June 30, 2002 were \$223,930 and \$45,700, respectively.

Due to the shortage of funding, in April 1995 the City obtained approval for a second Louisiana Department of Environmental Quality loan in the amount of \$3,395,000, of which \$1,462,875 was actually received. The loan will be repaid over a period of twenty years commencing with the completion of the project. The characteristics of this second loan are similar to those noted on the first loan above. At June 30, 2002, the loan had an outstanding balance of \$1,055,000. Total interest and administrative fees paid during the year ended June 30, 2002 were \$27,317 and \$5,575, respectively.

The funding necessary to service these loans was obtained from the dedication of the 1954 (1/2 cent) and 1966 (1/2 cent) sales tax revenues.

3. Excess Revenue Bonds

Certificates of Indebtedness Series 2000 were issued for the purpose of refunding the outstanding Certificates of Indebtedness, Series 1996A and 1996B, and providing funds to match certain grants for capital improvements to the City's sewer system and planetarium in Rivertown. At June 30, 2002, bonds outstanding were \$7,590,000.

Certificates of Indebtedness Series 2001 were issued for the purchase of land in the Laketown area. At June 30, 2002, bonds outstanding were \$1,500,000.

These certificates are collateralized by a pledge of the excess revenues from the General Fund. The amount available in the Debt Service Funds was \$821,415.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE G - LONG-TERM DEBT (CONTINUED)

FIREMEN'S PENSION MERGER PAYABLE

In March 1998, the required three-fourths vote of the active and inactive members approved the merger of the Firemen's Pension and Relief Fund with the Statewide Firefighters Retirement System ("SFRS"). Approval of the merger was received from the SFRS and the Joint Retirement Committee. The City Council approved the merger in December 1998 and signed an agreement with SFRS on March 25, 1999 regarding the payment of the merger liability. The final merger liability as of March 27, 1999 was \$14,050,233, which represents 60% of the accrued liability for active employees (\$6,301,446) and 100% of the accrued liability for retired employees (\$7,748,787). The Fund transferred assets in the amount of \$11,130,143 to the SFRS to pay the merger liability. The value of the transferred assets for purposes of the merger as discounted from the date of receipt to the merger date of March 27, 1999, at the system's actuarial valuation interest rate of 7% was \$11,089,495. The remaining liability of \$2,960,738 plus interest at the rate of 7% per annum was assumed by the City of Kenner to be paid over 30 years.

This payable is accounted for in the General Long-Term Debt Account Group. At June 30, 2002, \$77,668 was available in the Firemen's Pension Merger Fund (Debt Service Fund). The City has split the liability to be amortized into two components as follows:

\$1,190,000 of the liability is payable monthly at a rate of 7%. The monthly payments including interest are \$7,917. At June 30, 2002, the merger payable for this component had a total outstanding balance of \$1,147,428.

\$1,770,738 of the liability is payable annually at a rate of 7%. The annual payments including interest are \$142,697. At June 30, 2002, the merger payable for this component had a total outstanding balance of \$1,710,472.

The funding necessary to service this merger payable was obtained from the dedication of the fire insurance tax received from the State of Louisiana and the reduction in the City's contribution rate under the Statewide Plan.

MORTGAGE PAYABLE

In June 1978, City of Kenner obtained a loan in the amount of \$40,000 at an interest rate of 9.75% for the purchase of land and an existing building. This loan is accounted for in the Wastewater Operations Enterprise Fund. At June 30, 2002, the mortgage payable had an outstanding balance of \$16,994.

GENERAL DEBT

Capital Lease Obligations

The City has capital lease obligations on various facilities and equipment. See Note Q - Lease Commitments - General.

Advances -- Jefferson Parish

In 1999, the City entered into an agreement with Jefferson Parish where the Parish advanced the City \$500,000 per year over four years for maintenance of roads. Under the agreement, the City will acquire the roads and repay the \$2,000,000 to Jefferson Parish in 2003. The advances are non-interest bearing and unsecured.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE G - LONG-TERM DEBT (CONTINUED)

Compensated Absences

General

All employees, except police and fire employees, earn sick leave at the following rates:

Full time employees:	1 day/month not to exceed 12 days/year
Regular part time employees:	1/2 day/month not to exceed 6 days/year

Employees earn annual leave in varying amounts according to years of service as follows:

<u>Service</u>	<u>Amount</u>
Full time employees:	
0 - 5	1 day/month
5 - 10	1 1/2 day/month
over 10	2 days/month
Regular part time employees:	
0 - 5	1/2 day/month
5 - 10	3/4 day/month
over 10	1 day/month

Employees are required to use their annual leave during the calendar year following the year in which it is earned. Annual leave not used by December 31 of the calendar year is determined for each employee. Half of this leave is lost and half is carried forward to be paid upon separation of service. This carryforward time is not available to be taken as annual leave in future periods. Annual leave is payable upon separation of service. Sick leave is accumulated without time limitation and is payable up to a maximum of 90 days upon retirement or death.

In accordance with Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences", an additional liability is recorded for salary related payments associated with the future payment of compensated absences. Such salary related payments consist of the City's portion of Medicare tax withholding.

Fire Department

Firefighters receive 18 days of annual leave after one year of service. After 10 years of service employees receive one additional day of annual leave for each additional year of service to a maximum of 30 days per year. Vacation time not used by December 31 is lost.

Firefighters receive 90 days of sick leave when they join the Department. Any sick time taken is applied against this accumulation. At retirement, the employee is paid for any unused sick leave up to a maximum of 90 days. Employees receive 365 days of sick leave with medical determination.

Police Department

Police personnel earn annual leave in varying amounts according to years of service as follows:

<u>Years Service</u>	<u>Civil Service Amount</u>	<u>Non-Civil Service Amount</u>
0 - 1 Year	- 0 -	- 0 -
1 - 10 Years	120 Hours	105 Hours
10 - 20 Years	160 Hours	140 Hours
Over 20 Years	200 Hours	175 Hours

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE G - LONG-TERM DEBT (CONTINUED)

These hours are accrued on January 1st, and are for use only in the calendar year. Hours not taken by December 31st are lost. If an employee terminates employment, they are paid for the annual leave they have remaining on the books.

Police personnel earn sick leave at the following rates:

Full time employees:	1 day/month not to exceed 12 days/year
Regular part time employees:	1/2 day/month not to exceed 6 days/year

Upon retirement, employees are entitled to receive pay for accrued, unused sick leave days up to a maximum of 90 days.

CHANGES IN LONG-TERM DEBT

During the year-ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group (in thousands of dollars):

	<u>BONDS AND CERTIFICATES</u>		<u>OTHER</u>	
GENERAL	OBLIGATION SPECIAL TAX & EXCESS REVENUE	NOTES	GENERAL DEBT	TOTAL
Balance at July 1, 2001				
Bonds and certificates	\$44,455	\$ -	\$ -	\$44,455
Advances – Jefferson Parish	-	-	1,500	1,500
Compensated absences	-	-	2,631	2,631
Capital lease obligations	-	-	442	442
Note payable	-	2,894	-	2,894
	<u>44,455</u>	<u>2,894</u>	<u>4,573</u>	<u>51,922</u>
 Bonds and certificates issued	 1,500	 -	 -	 1,500
Bonds and certificates retired	(3,195)	-	-	(3,195)
Advances received from Jefferson Parish	-	-	500	500
Reduction in compensated absences	-	-	(158)	(158)
Capital lease obligations issued	-	-	23	23
 Payments made on:				
Capital lease obligation	-	-	(72)	(72)
Note payable	-	(36)	-	(36)
Balance at June 30, 2002	<u>\$42,760</u>	<u>\$2,858</u>	<u>\$4,866</u>	<u>\$50,484</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE G - LONG-TERM DEBT (CONTINUED)

Annual debt service to maturity, including interest of \$15,828,666, is as follows:

(IN THOUSANDS OF DOLLARS)							
YEAR-ENDING JUNE 30,	BONDS AND CERTIFICATES				OTHER		
	GENERAL OBLIGATION	SALES TAX	EXCESS REVENUE	ADVANCES	ENTERPRISE FUNDS		TOTAL
					NOTES	MORTGAGE AND NOTES	
2003	\$ 283	\$ 3,982	\$ 1,298	\$2,000	\$ 238	\$ 4	\$ 7,805
2004	279	3,983	1,352	-	238	4	5,856
2005	275	3,987	1,360	-	238	4	5,864
2006	-	3,990	1,374	-	238	5	5,607
2007	-	3,985	1,381	-	238	5	5,609
2008-2012	-	19,914	4,608	-	1,188		25,710
2013-2017	-	3,424	-	-	1,188		4,612
2018-2022	-	-	-	-	1,188		1,188
2023-2027	-	-	-	-	1,046		1,046
2028-2029	-	-	-	-	166		166
	<u>\$ 837</u>	<u>\$ 43,265</u>	<u>\$ 11,373</u>	<u>\$2,000</u>	<u>\$5,966</u>	<u>\$ 22</u>	<u>\$ 63,463</u>

COMPLIANCE

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE H - RESERVATIONS AND DESIGNATIONS OF FUND BALANCE

The nature and purpose of the reserves and designations are as follows:

Reserved for Encumbrances

This reserve was established for outstanding purchase orders and other commitments for unperformed contracts for goods and services which the City intends to honor.

Reserved for Inventory

This reserve was established as an offset against the asset, inventory, because it does not constitute an available spendable resource of the General Fund.

Reserved for Prepaid Items

This reserve was established as an offset against the asset, prepaid items, because it does not constitute an available spendable resource of the General Fund.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE H - RESERVATIONS AND DESIGNATIONS OF FUND BALANCE (CONTINUED)

Reserved for Restricted Expenditures

This reserve was created to restrict the use of all resources remaining in the Special Assessment Funds included in the General Fund. The restriction is mandated by the terms of the bond indentures in that the amounts on hand are to be used only for similar projects in the assessment area. Also included in this reserve are monies which are restricted for law enforcement purposes.

Reserve for Capital Expenditures

This reserve represents the amount of unexpended and unencumbered funds remaining in a departmental budget dedicated for capital expenditures in the next fiscal year. This restriction was dedicated by ordinance. The reserve also includes Video Poker Revenues which are dedicated to Capital Expenditures.

Reserved for Debt Service

This reserve represents the amounts reserved for payment of principal and interest maturing in future years.

Fund Balance Reserved for Employees' Pension Benefits

This reserve was created to restrict the use of all resources contributed to or earned by the Firemen's Pension and Relief Fund. This amount is required to be fully reserved under the Plan.

Designated for Subsequent Years' Expenditures

This designation represents the expenditures budgeted in 2002-2003, paid from funds remaining in 2001-2002.

Designated for Capital Additions and Improvements

The proceeds of various bond issues and the interest earned on the investment thereof are designated for capital projects in the various capital projects funds to the extent that such amount has not been reserved for encumbrances.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE I - INTERFUND TRANSACTIONS

Interfund Assets/Liabilities

Individual fund interfund receivables and payables at June 30, 2002 are as follows:

<u>FUND</u>	<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>
General	\$ 4,050,810	\$ 2,324,938
Special Revenue		
One Percent Sales Tax of 1984	389,635	2,266,109
Community Development Block Grant	15,411	224,477
Garbage Collection and Disposal	211,454	793,216
Roads and Bridges	260,422	222,488
Street Lighting	282,077	167,147
Fire Department	853,524	219,353
	<u>2,012,523</u>	<u>3,892,790</u>
Debt Service		
General Debt	513,100	-
Ad Valorem Tax Bonds	110,003	-
	<u>623,103</u>	<u>-</u>
Capital Projects		
General Capital Projects	329,801	542,497
Capital Projects Funded With Bond Proceeds	120,000	557,917
	<u>449,801</u>	<u>1,100,414</u>
Enterprise		
Department of Wastewater Operations	136,853	31,667
Internal Service		
Self Insurance	1,700,688	-
Health Insurance	-	1,070
	<u>1,700,688</u>	<u>1,070</u>
Fiduciary		
Ad Valorem Tax Collection	-	1,535,703
Airport Sales Tax	-	87,196
	<u>-</u>	<u>1,622,899</u>
 TOTAL	 <u>\$ 8,973,778</u>	 <u>\$8,973,778</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE I - INTERFUND TRANSACTIONS (CONTINUED)

A summary of operating transfers by fund type for the year ended June 30, 2002 is as follows:

<u>FUND</u>	<u>TRANSFERS TO OR FROM</u>	<u>OPERATING TRANSFERS IN</u>	<u>OPERATING TRANSFERS OUT</u>
General Fund	Special Revenue Funds	\$ 7,383,160	\$ 277,300
	Capital Projects Funds	188,514	5,353,260
	Debt Service Funds	-	125,235
		<u>7,571,674</u>	<u>5,755,795</u>
Special Revenue Funds	General Fund	277,300	7,383,160
	Special Revenue Funds	3,525,146	3,525,146
	Capital Projects Fund	43,512	-
		<u>3,845,958</u>	<u>10,908,306</u>
Debt Service Funds	Special Revenue Funds	125,235	-
	Capital Projects Funds	1,350,433	-
		<u>1,475,668</u>	<u>-</u>
Capital Projects Funds	General Fund	5,353,260	188,514
	Debt Service Funds	-	1,350,433
	Special Revenue Funds	-	43,512
	Capital Projects Funds	120,000	120,000
		<u>5,473,260</u>	<u>1,702,459</u>
Total Operating Transfers		<u>\$ 18,366,560</u>	<u>\$ 18,366,560</u>

NOTE J - AD VALOREM TAX

The ad valorem tax on real property is levied as of November 15th of each year. The tax becomes an enforceable lien on the property on the first day of the month following the filing of the tax rolls by the Assessor with the Louisiana Tax Commission (usually December 1st). The tax bills are mailed by the City in mid November and are due upon receipt. The taxes become delinquent on January 1st in the year after levy. The taxes are levied on property values determined by the Jefferson Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of their fair market value and other property at 15 percent of its fair market value. Ad valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation, debt service and capital improvements for the City. The number of mills levied for 2001 and 2000, which are collected and reported as revenue for the fiscal years ended June 30, 2002 and 2001, are as follows:

<u>FUND</u>	<u>2001 MILLS</u>	<u>2000 MILLS</u>
General Fund	3.11	3.11
Garbage Collection and Disposal Fund	2.40	2.40
Fire Department Fund	11.02	11.02
Ad Valorem Tax Bonds Fund	1.00	1.00
Department of Wastewater Operations Fund	<u>1.71</u>	<u>1.71</u>
TOTAL	<u>19.24</u>	<u>19.24</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE K - SALES TAX

A sales tax of 8.75% for the period of July 1, 2001 through June 30, 2002 was collected on purchases in the City of Kenner (food and drugs are taxed at a 6% rate, and hotel/motel rooms at a 9% rate). Of the 8.75% total, 4.0% is levied by the state, and 4.75% by Jefferson Parish, for itself and other local government subdivisions within the Parish. The following table for parish taxes lists the effective year of each authorized tax rate, the Parish-wide tax rate (which includes 1/6% retained by the Parish), the rate collected for the benefit of the Jefferson Parish School Board, and the rate collected for the benefit of the City of Kenner.

<u>Effective Date</u>	<u>Parish-Wide Rate</u>	<u>School Board Rate</u>	<u>City Rate</u>
1954	1%	1/2%	1/2%
1966	1%	1/2%	1/2%
1980	1/2%	1/2%	0%
1981	1/2%	0%	1/3%
1984	1%	0%	1%
1993	1/2%	1/2%	0%
1994	<u>1/4%</u>	<u>0%</u>	<u>1/4%</u>
TOTAL	<u>4 3/4%</u>	<u>2%</u>	<u>2 7/12%</u>

The Jefferson Parish Sheriff's Office (a separate reporting entity) collects all parish taxes, except on motor vehicle sales, and retains 9.5 to 11 percent as a collection commission on the share going to local governments. The state collects parish taxes on motor vehicle sales, and remits them back to the Parish of registration.

The Sheriff prorates this motor vehicle tax back to the municipalities in proportion to the sales tax collected within each municipality. Taxes due on sales in a month must be remitted by the merchants to the Sheriff by the 20th of the following month. The Sheriff distributes these collections to the local governments approximately 30 days later.

NOTE L - INTEREST COST

Interest expense incurred in the proprietary funds during the year was as follows:

	<u>ENTERPRISE FUNDS</u>	
	<u>DEPARTMENT OF WASTEWATER OPERATIONS</u>	<u>CIVIC CENTER OPERATIONS</u>
Interest expense	<u>\$ 1,785</u>	<u>\$ -</u>

NOTE M - SEGMENT INFORMATION-ENTERPRISE FUNDS

The City maintains two Enterprise Funds of which one provides sewer services to the residents of the City and one is used to account for the operations of the Pontchartrain Civic Center. Segment information as of and for the year ended June 30, 2002, is as follows (in thousands of dollars):

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE M - SEGMENT INFORMATION - ENTERPRISE FUNDS (CONTINUED)

	<u>DEPARTMENT OF WASTEWATER OPERATIONS</u>	<u>CIVIC CENTER OPERATIONS</u>	<u>TOTAL</u>
Type of service	Sewerage	Facility Rental	
Operating revenues	\$ 4,297	\$ 1,419	\$ 5,716
Depreciation	1,802	546	2,348
Operating loss	(2,145)	(1,055)	(3,200)
Operating transfers in	-	-	-
Ad valorem tax revenues	485	-	485
Hotel/motel taxes	-	400	400
Franchise fees	-	560	560
Net loss	(1,657)	(51)	(1,708)
Current capital contributions	701	-	701
Property, plant, and equipment, net	48,363	19,554	67,917
Net working capital	1,578	2,074	3,652
Total assets	50,312	22,034	72,346
Total long-term liabilities	14	-	14
Total fund equity	49,926	21,627	71,554

NOTE N - CONTRIBUTED CAPITAL

During the year, contributed capital increased by the following amounts (in thousands of dollars):

	<u>ENTERPRISE FUNDS</u>		
	<u>DEPARTMENT OF WASTEWATER OPERATIONS</u>	<u>CIVIC CENTER OPERATIONS</u>	<u>TOTAL</u>
Balance at July 1, 2001	\$ 69,202	\$ 24,188	\$ 93,390
Additions:			
Contributions of fixed assets financed by:			
Municipal Government	<u>701</u>	<u>-</u>	<u>701</u>
Balance at June 30, 2002	<u>\$ 69,903</u>	<u>\$ 24,188</u>	<u>\$ 94,091</u>

NOTE O - TREASURE CHEST RIVERBOAT CASINO AGREEMENT

The City of Kenner and Treasure Chest Casino, L.L.C. entered into a lease of property in Laketown, Kenner on December 3, 1993 for Treasure Chest Casino, L.L.C.'s riverboat gaming operations. The term of the lease is divided into three phases, an Initial Term, a Primary Term, and at the Lessee's option, one or more Renewal Terms. The "Initial Term" of the lease began on the date of execution and continued until July 1, 1994. The "Primary Term" of the lease is for five years beginning on July 1, 1994 and the Lessee has the option to extend the term of this lease for six additional Renewal Terms of five years each. The Lessee agreed to pay "Initial Rent" to the City

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE O - TREASURE CHEST RIVERBOAT CASINO AGREEMENT (CONTINUED)

during the Initial Term at an amount equal to \$2.50 for each passenger throughout the remainder of the Initial Term. Commencing with the Primary Term, the Lessee paid to the City a minimum annual rent ("Base Rent"). The Base Rent for the first year of the Primary Term was \$1,600,000. The Base Rent shall be determined for each subsequent lease fiscal year of the lease by multiplying the actual number of passengers during the first three quarters of the lease fiscal year by \$2.50. The Base Rent for the first year of the Primary Term was calculated based upon 640,000 passengers. Commencing with the Primary Term, in addition to the Base Rent above, the Lessee shall pay to the City an amount equal to \$2.50 for each passenger in excess of the number of passengers per last fiscal year used to determine the Base Rent for that particular year ("Per Capita Rent"). In accordance with the "Initial Improvement Plan", the Lessee paid to the City a "Lump Sum Advanced Payment" in the amount set forth in the Initial Improvement Plan, the proceeds of which were used by the City to make certain infrastructure improvements. The Lessee agreed to make certain leasehold improvements at pre-approved costs and was entitled to recapture the Lump Sum Advanced Payment and that portion of the costs of the leasehold improvements by means of credits against the rent. The Lessee was entitled to deduct from its monthly rental payments 25% of such payments until the lessee has received a credit equal to the cost of the rent credit improvements. Total rent credits allowed under the lease of \$2,619,000 have been fully utilized as of June 30, 1998. Commencing on the opening date, in addition to the Initial Rent, Base Rent and Per Capita Rent, the Lessee shall pay to the City the "Percentage Rent" in an amount equal to the greater of 1% of its net gaming proceeds and any admission fees in excess of \$10.00 per passenger or the "minimum percentage rent". There will be no Minimum Rent during the Initial Term. The Minimum Percentage Rent for the first year of the Primary Term was \$312,853, and for each subsequent base fiscal year, an amount equal to the Percentage Rent for the first three quarters of the preceding base fiscal year. Such Percentage Rent shall be used to subsidize City projects such as City Recreational Facilities, City Playgrounds, Tourism Advertisement and Brochures, Convention Center/Hotel Shuttle, Trolley Transportation, City Museums, Alzheimer's Center Operations, City Sponsored Summer Camps, and City Senior Citizens Activities. Any funds remaining shall be dedicated to City capital projects.

The Kenner Police Department is entitled to 24% of all lease revenues received by the City, and shall not be subject to any Rent Credits. During the Primary Term of this lease and each Renewal Term, the lessee agrees to pay to the Kenner Police Department the greater of \$400,000 or 1% of net gaming proceeds.

In September 1994, the riverboat casino began operations.

NOTE P - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risks of loss, the City has established a Self-Insurance Fund (an internal service fund). Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$250,000 for each general liability claim with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; \$250,000 for each auto liability claim with commercial insurance for claims in excess of coverage provided by the fund up to \$10,000,000; and \$300,000 for each worker's compensation claim with commercial insurance for claims in excess of coverage provided by the fund up to \$1,000,000. The City purchases commercial insurance for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Also, the Fund provides coverage for auto/physical damage which requires a \$1,000 deductible per department per occurrence. The remaining balance on the claim is paid by the Fund.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE P - RISK MANAGEMENT (CONTINUED)

All funds of the City which include personnel, except for the Department of Wastewater Operations and the Civic Center Operations Funds, participate in the program and make payments to the fund based on an actuarial valuation dated July 1996 adjusted by the actual performance of the programs using historical experience. The claims liability of \$2,453,861 (which includes claims incurred but not reported in the Fund at June 30, 2002) is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Governmental Accounting Standards Board Statement No. 30, "*Risk Financing Omnibus - An Amendment of GASB Statement No. 10*", requires that specific, incremental claim adjustment expenses and estimated recoveries be considered in calculating the claims liability. Changes in the balances of claims liabilities during fiscal years 2002 and 2001 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2000-2001	2,736,793	714,454	(887,672)	2,563,575
2001-2002	2,563,575	228,665	(338,379)	2,453,861

HEALTH INSURANCE

The City provides health and accident insurance to its employees through health maintenance organizations (HMO's) and commercial insurance carriers. The City has no additional liability other than the initial premiums.

NOTE Q - COMMITMENTS AND CONTINGENCIES

LITIGATION

The City is a defendant in a number of claims and lawsuits resulting principally from personal injury, property damage, and excessive assessment claims. The City Attorney and outside counsel have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if any, of the amount or range of potential loss to the City. As a result of such review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", and "remote" contingencies as defined in GASB Codification C50. The City's "reasonably possible" loss contingencies at June 30, 2002 for which an amount of liability can be estimated ranges from \$400,000 to \$500,000, and is not reflected in these financial statements. All probable claims have been accrued as liabilities in the City's Self-Insurance Fund (see Note P for additional details) and General Fund.

WASTEWATER LITIGATION

Former City of Kenner Wastewater Department employees filed a wrongful termination lawsuit on August 1, 2000, naming the City and Professional Services Group, Inc. as defendants. The plaintiffs filed a motion for summary judgment and were awarded the summary judgment subsequent to year-end. However, on appeal the Court removed the City of Kenner from the judgment. US Filters, successor to Professional Services Group, Inc., has appealed this decision.

HOMESTEAD EXEMPTION

The City and the State of Louisiana are involved in litigation regarding the legality of the City's practice of providing Kenner property tax owners a homestead exemption when calculating their municipal property tax. The State alleges that this practice violates the State Constitution which states that the homestead exemption shall not extend to municipal taxes. The City's position is that the exemption is considered a temporary abatement on taxes which the City Council has full authority to authorize. Subsequent to year-end, the 24th Judicial District Court issued a judgment in favor of the City. The State has appealed this ruling.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE Q - COMMITMENTS AND CONTINGENCIES (CONTINUED)

FEDERALLY ASSISTED PROGRAMS

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements. The programs are audited in accordance with the Single Audit Act and are subject to further examination by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements.

EPA ADMINISTRATIVE ORDER

On November 30, 1990, the United States Environmental Protection Agency (EPA) issued the City an Administrative Order for sewerage effluent violations. As a result, the City has initiated a sewer rehabilitation project for which costs are approximately \$15 million. Failure to comply with the provisions of the Order could result in monetary fines or an EPA administrative penalty. See Note G for additional information regarding the financing of the sewer rehabilitation project.

AGREEMENT FOR OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES OF THE KENNER WASTEWATER COLLECTION AND TREATMENT SYSTEMS

In July 1995, the City entered into an agreement with Professional Services Group, Inc. ("PSG") for the management, operation and maintenance of the Wastewater Collection and Treatment Systems. PSG offered employment to all personnel of Kenner who were currently assigned full-time to the Wastewater Department. In July 1999, the agreement was amended and restated. In accordance with the agreement dated July 1999, PSG's compensation from the City of Kenner consists of an annual fee (\$2,744,264), funding from the Kenner Budget Pass-Through Fund (\$817,567) and payment of electrical invoices. The term of this agreement is for 20 years commencing on July 1, 1995 with the option for four, five-year renewal periods. The annual fee and Kenner Budget Pass-Through Fund will be adjusted annually either by negotiation or in accordance with the CPI Adjustment Formula as stipulated in the agreement.

CITY OF KENNER FIREFIGHTERS

During the year, the City settled a class-action lawsuit filed by the Firefighters Association in 1994, alleging the City violated state law by not providing firefighters a full 18 days of annual vacation. In accordance with the settlement, the firefighters are to receive certain pay raises over a five year period in addition to the 2% annual raises mandated by state law. Firefighters who had already retired or left the City were paid the calculated amount due them for the vacation days they did not receive. This amount totaled \$220,099. Firefighters eligible to retire within five years will be paid the difference between the calculated amount due them for vacation days they did not receive and the amount they receive in annual raises over the same five year period. Firefighters not eligible to retire in the next five years will receive only the additional pay raises.

CONSTRUCTION

Construction commitments are discussed in Note F.

ROAD TAX MILLAGE

In 1999, voters approved the renewal of a 15-year 10.35 mill property tax for road maintenance and construction of the City's major streets. The City will begin levying the property tax in 2003, at the same level currently being levied by Jefferson Parish. The millage collected by the Parish expires when the City begins levying the millage. On May 20, 1999, the Parish of Jefferson, State of Louisiana and Sub-Road District No. 1 of the Road District No. 1 of the Parish of Jefferson, State of Louisiana and the City of Kenner entered into an Intergovernmental Agreement for the transfer, management and funding of streets in the City of Kenner. In addition, Jefferson Parish has paid \$500,000 per year from 1999 through 2002 in accordance with the terms of the agreement. In 2003, subject to Council approval, the City will issue bonds to purchase certain roads from Jefferson Parish for \$2,000,000 plus the amount remaining on the Jefferson Parish bond issue. The City anticipates the total purchase price to be approximately

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE Q - COMMITMENTS AND CONTINGENCIES (CONTINUED)

ROAD TAX MILLAGE (CONTINUED)

\$13,000,000. Council approval is necessary for the acquisition. However, voters have already approved the millage necessary to service a bond issue. Any amounts remaining from the 2003 bond issuance after acquiring the roads will be used for road maintenance. In accordance with the Agreement, the City of Kenner will maintain, repair and upgrade certain streets within the City, not to exceed \$500,000 per year.

LEASE COMMITMENTS - GENERAL

Leases are accounted for in accordance with GASB Codification Section L20-Leases, which requires classification of leases as capital or operating leases. Governmental fund assets under capital leases are recorded in the General Fixed Assets Account Group and the lease obligations are recorded in the General Long-Term Debt Account Group.

Capital Lease

The City entered into a Municipal Lease and Option Agreement for the purchase of various equipment to be leased/purchased by the City. On September 11, 1996, a lease/purchase and escrow addendum was made to the original lease/purchase agreement dated December 7, 1995. Monthly payments began in October 1996 for a term of 10 years with payments of \$8,384 per month. Funding for the lease payments will result from the energy savings derived from the installation of such equipment.

In July 1997, the City entered into a capital lease agreement to acquire a tract of land in Rivertown. Annual payments of \$25,000 began in July 1997 for a term of six years with a \$1 purchase option available after the last installment is paid in July 2002. Annual riverboat casino revenues provide funding for the lease payments.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the minimum lease payments as of June 30, 2002.

<u>Year-Ending June 30th</u>	<u>Governmental Funds</u>
2003	\$ 125,613
2004	100,614
2005	100,613
2006	100,613
2007	<u>25,153</u>
Total minimum lease payments	452,606
Less amount representing interest	<u>59,349</u>
Present value of future minimum lease payments	<u>\$ 393,257</u>

Operating leases

The City is committed under two leases for buildings. One of these leases began in October 1989 for a term of 15 years with monthly rent of \$3,961. The other lease began in May 2001 for a term of 2 years with monthly rent of \$1,275. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2002 amounted to \$62,832. Future minimum lease payments for these leases are as follows:

<u>Year Ending June 30th</u>	<u>Amounts</u>
2003	\$ 60,282
2004	47,532
2005	<u>11,883</u>
TOTAL	<u>\$ 119,697</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE R - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In 1996, the U.S. Congress passed the Small Business Job Protection Act of 1996, which requires that employer governments place all amounts deferred under IRC Section 457 into a trust for the exclusive benefit of participants and their beneficiaries. In previous years, these assets were solely the property of the City and subject to claims of the City's general creditors, and were reported in the City's financial statements. In the prior year, the City amended its Plan to comply with the requirements of the Act. Thus, the City no longer has ownership of the Plan assets and they are no longer reported in the City's financial statements.

NOTE S - POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note T, the City provides postretirement health care and life insurance benefits, authorized by City resolution, to all retirees with 20 years or more of service. Expenditures for postretirement health care and life insurance benefits are recognized as the premiums are paid by the City, which is required to pay only the retirees' portion. The retiree must pay the portion of the premium related to any dependents. At June 30, 2002, 63 retirees were eligible and were receiving such health care benefits. Total health care premiums amounted to \$289,757, of which \$208,150 (72%) was paid by the City and \$81,607 (28%) was paid by the retirees for the year ended June 30, 2002. Life insurance premiums paid by the City for 77 eligible retirees amounted to \$2,842 for the year-ended June 30, 2002. These post retirement health care and life insurance benefits are not accounted for as a defined benefit pension plan thus Governmental Accounting Standards Board Statement No. 26 "*Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*" does not apply.

NOTE T - PENSION PLANS

GENERAL

The City reporting entity participates in three defined benefit pension plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

Substantially all of the City's full-time, permanent employees, other than those employed by the Kenner Fire Department and Kenner Police Department are participants in the Municipal Employees' Retirement System, State of Louisiana (the Municipal Plan), a cost-sharing, multiple-employer defined benefit plan.

All full-time officers of the Police Department of the City are participants in the Municipal Police Employees Retirement System (the Police Plan), a cost-sharing, multiple-employer defined benefit plan.

Prior to the merger with the Statewide Firefighters Retirement System ("SFRS"), a cost-sharing, multiple-employer defined benefit plan, as of March 27, 1999, the employees of the Fire Department of the City were participants in the Firemen's Pension and Relief Fund (The Firemen's Plan), a single-employer defined benefit plan administered by a five member Board of Trustees. A contingency fund remains to handle those four (4) members who could retire after twenty (20) years of service if hired before April 1, 1978. Upon these members meeting the qualifications for retirement under the Statewide Plan, no further benefits would be liable from the contingency fund.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE T - PENSION PLANS (CONTINUED)

PLAN DESCRIPTIONS

Municipal Employees' Retirement System, State of Louisiana (The Municipal Plan)

Employees of the City participate in Plan A of the Municipal Plan. Under the Municipal Plan, employees with 10 years of service may retire at age 60, employees with 25 years of service may retire at age 55, and employees with 30 years of service may retire regardless of age. In addition, employees may also retire with 20 years of service regardless of age; however, the benefits payable to such employees must be actuarially reduced and such employees may not participate in the Deferred Retirement Option Plan (DROP). Effective July 1, 1999, employees with 25 years of service may retire or participate in the DROP, regardless of age. The monthly amount of the retirement allowance is equal to 3 percent of the member's final compensation multiplied by his years of service. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the surviving spouse. The Municipal Plan retirement information in this Note is provided as of the latest actuarial valuation, June 30, 2001. The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained from the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Municipal Police Employees Retirement System (The Police Plan)

Members of the Police Plan are eligible for normal retirement after they have been a member of the plan for one year, if they have 25 years of service at any age or they have 20 years service and are age 50 or have 12 years service and are age 55. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 – 11:2233. The monthly retirement benefit is equal to 3 1/3 percent of the member's average monthly earnings during the highest consecutive 36 months, multiplied by years of creditable service, not to exceed 100 percent of member's final compensation. Retirement benefits are payable monthly to the retiree, and upon the death of the retiree, under certain conditions, are payable to the surviving spouse and minor children. The Police Plan retirement information in this note is provided as of the latest actuarial valuation, June 30, 2001. The Municipal Police Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained from the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Firemen's Pension and Relief Fund (The Firemen's Plan) and the Statewide Firefighters Retirement System

Prior to the merger with the Statewide Plan, all permanent active employees of the Fire Department were eligible for participation. Under the Firemen's Plan, members prior to April 1, 1978, with 20 years of service may retire. Contribution requirements were determined and authorized by Act 765 of the 1989 Regular Session of the Louisiana Legislature and approved by the City Council of the City of Kenner, Louisiana Resolution B – 8679 dated February 15, 1990. Contribution increases are established under Act 558 of the 1995 Regular Session of the Louisiana Legislature. Effective March 25, 1999, all contributions are made directly to the State for those members who merged with the SFRS. The amounts remaining in the contingency fund are deemed adequate for any potential contingency fund liabilities related to those members on the 20 year plan. Therefore, no additional contributions will be made to the contingency fund. Members after March 31, 1978 and on or before September 30, 1996 with 30 years of service are eligible to retire. Members after September 30, 1995 with 30 years of service and upon reaching age 55 are eligible to retire. Retirement benefits for members prior to April 1, 1978, are 66 2/3 percent of monthly salary at the time of retirement for 20 to 24 years of service, 75 percent of salary for 25 to 29 years of service, and 85 percent of salary for 30 or more years of service. Retirement benefits for members after March 31, 1978, are 85 percent of the monthly salary received at time of retirement. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the surviving spouse. Due to the merger in March 1999, only four Kenner members remain eligible for such benefits under the Fund. Upon these members reaching the qualifications for retirement under the Statewide Plan, no further benefits would be liable from the contingency fund.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE T - PENSION PLANS (CONTINUED)

The Firemen's Plan retirement information in this note is provided as of the latest actuarial valuation, June 30, 2001. The Firemen's Pension and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained from the City of Kenner, Louisiana. The Statewide Firefighters Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information. It may be obtained from the Statewide Firefighters Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

Effective December 1, 2002 the employer's contribution rate was increased to 18.25%.

BASIS OF ACCOUNTING

The City's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

METHOD USED TO VALUE INVESTMENTS

As required by Governmental Accounting Standards Board Statement No. 25, "*Financial Reporting for Defined Benefit Pension Plans and Note Disclosure for Defined Contribution Plans*", investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Investments that do not have an established market are reported at estimated fair value.

Besides investments in the U.S. Government and U.S. Government obligations, the Plans had no investments in any one organization which represented more than 5% of the net assets available for benefits.

COVERED PAYROLL

The total payroll, as well as the covered payroll, for each of the plans for the year ended June 30, 2002 were as follows:

	<u>TOTAL</u>	<u>COVERED</u>
Municipal Plan	\$ 9,558,938	\$ 9,272,315
Police Plan	9,348,689	6,068,865
Statewide Firefighters Retirement System	3,091,735	2,172,661
Firemen's Plan	N/A	N/A

CURRENT MEMBERSHIP

At June 30, 2002 (latest date for which such information was available at the date of this report), the plan membership of the Firemen's Plan consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees who are entitled to receive benefits but are not yet receiving benefits:

Active plan participants:

Fully vested	4
Partially vested	-
Total	<u>4</u>

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE T - PENSION PLANS (CONTINUED)

Membership data for the Municipal Plan, Police Plan and Statewide Firefighters Retirement System, cost-sharing multiple-employer plans, are not available by individual employer.

CONTRIBUTIONS REQUIRED AND MADE

The funding policies for the Municipal Plan and the Police Plan provide for contributions at actuarially determined rates. The contribution rates of the Municipal Plan are determined using the frozen attained age normal cost method, with the unfunded accrued liability being funded over a 33 year period. Member contributions are established by state statute and are 9.25% of covered payroll. The contribution rates of the Police Plan are determined using the entry age normal cost method, with the unfunded accrued liability being funded over a 33 year period. Member contributions are established by state statute at 7.5% of covered payroll.

Contributions required and made for the Municipal Plan, a cost-sharing multiple-employer plan were as follows:

Year Ended June 30	Annual Required Contribution	City		Employees	
		<u>Contribution</u>	<u>% of Covered Payroll</u>	<u>Contribution</u>	<u>% of Covered Payroll</u>
2000	\$1,137,435	\$ 436,037	5.75	\$ 701,418	9.25
2001	1,240,252	500,104	6.25	740,148	9.25
2002	1,471,286	649,065	7.00	822,221	9.25

Contributions required and made for the Police Plan, a cost-sharing multiple-employer plan were as follows:

Year Ended June 30	Annual Required Contribution	City		Employees	
		<u>Contribution</u>	<u>% of Covered Payroll</u>	<u>Contribution</u>	<u>% of Covered Payroll</u>
2000	\$ 756,094	\$ 412,415	9.00	\$ 343,679	7.50
2001	744,808	406,259	9.00	338,549	7.50
2002	999,881	546,299	9.00	453,582	7.50

The Municipal Plan and the Police Plan, cost sharing multiple-employer plans, do not conduct separate measurements of assets and actuarial accrued liability for individual employers. The City's contributions to the Municipal and Police Plans represented 12.4 and 4.5 percent, respectively, of total contributions required of all employers for the year ended June 30, 2002.

Contributions required and made for the Statewide Firefighters Retirement System, a cost-sharing multi-employer plan were as follows:

Year Ended June 30	Annual Required Contribution	City		Employees	
		<u>Contribution</u>	<u>% of Covered Payroll</u>	<u>Contribution</u>	<u>% of Covered Payroll</u>
2000	\$ 446,402	\$ 236,331	9.00	\$ 210,071	8.00
2001	435,897	230,769	9.00	205,128	8.00
2002	461,148	244,135	9.00	217,013	8.00

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE T - PENSION PLANS (CONTINUED)

TREND INFORMATION

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become due.

Six-year historical trend information is presented in the Supplementary Information Section of this report for the Firemen's Plan. Six-year historical trend information for the Municipal Plan, the Police Plan and the Statewide Firefighters Retirement System is available in the separately issued reports.

NOTE U – PRIOR PERIOD ADJUSTMENTS

Fund balances at the beginning of the year have been restated to reflect the correction of errors as follows:

Adjustment	Reason
1.	In prior years, the City received \$291,475 from the Local Law Enforcement Block Grant which was recognized as revenue at the time received. However, the related expenditures under the grant were not made until the current year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," identifies such a transaction as a government-mandated nonexchange transaction. GASB Statement No. 33 further requires that such transactions be recognized as revenue when all eligibility requirements of the grants have been met. Because expenditure is the primary factor for determining the government's eligibility to receive grant resources, the revenue should not be recognized until the resources have been expended in accordance with the terms of the grant. In the General Fund, the fund balance for the fiscal year ended June 30, 2001 has been restated by \$291,475, in order to reflect the correction of this error.
2.	In prior years, certain administrative expenses of the Community Development Fund were funded by General Fund revenues. The City erroneously classified these expenditures as federal expenditures under the Community Development Block Grant and recorded additional grant revenues and grant receivables of \$381,764. The fund balance for the fiscal year ended June 30, 2001 has been restated by \$381,764, in order to reflect the correction of this error.
3.	The City of Kenner failed to include \$867,083 of construction in progress in the General Fixed Asset Account Group during the year ended June 30, 2001. As a result, the investment in General Fixed Asset Account Group was understated by \$867,083 at June 30, 2001. The construction in progress within the General Fixed Asset Account Group and the investment in General Fixed Assets at June 30, 2001 have been restated by \$867,083, in order to reflect the correction of this error.
4.	Beginning in 1999, the City began receiving annual advances of \$500,000 from Jefferson Parish for road maintenance. These advances are to be repaid to Jefferson Parish in 2003 under the terms of an intergovernmental cooperative agreement and should have been recorded in the general long-term debt account group. As a result, the total balance in the general long-term debt account group was understated by \$1,500,000 at June 30, 2001. The general long-term debt account group at June 30, 2001 has been restated by \$1,500,000 in order to reflect the correction of this error.

CITY OF KENNER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2002

NOTE U – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The effect of these changes on fund balances as of July 1, 2001 is summarized below:

<u>Adjustment</u>	<u>Governmental</u>	
	<u>General Fund</u>	<u>Special Revenue</u>
1.	\$ (291,475)	\$ -
2.	-	(381,764)
	(291,475)	(381,764)
Fund Balance, as previously reported	<u>19,151,827</u>	<u>2,013,340</u>
Fund balance, as restated	<u>\$ 18,860,352</u>	<u>\$ 1,631,576</u>

The effects of these changes on excess revenues over expenditures for the year ended June 30, 2001 are as follows:

Adjustment

1. Decrease in excess revenues over expenditures of \$291,475 in the General Fund.
2. Because of the cumulative nature of the error, the effect on the year ended June 30, 2001 cannot be determined.
3. This change affects the General Fixed Asset Account Group only.
4. This change affects the General Long-Term Debt Account Group only.

NOTE V - AVAILABILITY OF SEPARATE FINANCIAL REPORTS

Separate audited financial reports for the year ended June 30, 2002, containing more detailed information regarding plan assets, liabilities and changes in plan net assets, are available from the City for the following funds:

Pension Trust Funds
Firemen's Pension and Relief Fund

Auditors
Ericksen, Krentel & LaPorte, L.L.P.
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION SECTION

CITY OF KENNER, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(In thousands of dollars)
FIREMEN'S PENSION AND RELIEF FUND
June 30, 2002

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2002	\$ *	\$ *	\$ *	\$ *	\$ *	*
2001	950	-	N/A	-	-	N/A
2000	1,003	-	N/A	-	-	N/A
1999	*	*	*	*	*	*
1998	*	*	*	*	2,014	*
1997	9,222	13,673	67.45%	4,451	2,523	176.42%

Analysis of the dollar amounts of actuarial assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the Fund's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Fund is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Fund. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Fund. The above information is reported as of the latest date for which such information was available at the date of this report. The actuarial valuation as of June 30, 2001 reflects the changes to the plan as a result of the merger with the SFERS in March 1999.

* An actuarial valuation report was not prepared for the year ended June 30, 1998, 1999, and 2002.

(See Auditors' Report)

CITY OF KENNER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND TREND INFORMATION
FIREMEN'S PENSION AND RELIEF FUND
June 30, 2002

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)*</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2002	\$ -	-	\$ -
2001	-	-	-
2000	-	-	-
1999	271,425	100%	-
1998	473,643	100%	-
1997	437,313	100%	-

* The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2001
Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Accrual method of accounting and recording investments at fair market value
Actuarial assumptions:	
Investment rate of return:	7%
Projected salary increases	None
Inflation rate	None

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNCILPERSON'S COMPENSATION
Year Ended June 30, 2002

<u>COUNCILPERSON</u>	<u>NUMBER OF DAYS SERVED</u>		<u>COMPENSATION</u>
Betty Bonura	365	\$	29,060
Terry McCarthy	365		31,185
Marc Johnson	365		23,337
John T. Lavarine, III	365		20,637
Jeannie Black	365		24,588
Michelle Branigan	365		23,439
Philip L. Capitano	365		23,337

(See Auditors' Report)

**COMBINING AND INDIVIDUAL FUND
AND ACCOUNT GROUP STATEMENTS**

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GENERAL FUND

The General Fund is the principal operating fund of the City of Kenner, and accounts for the financial resources and expenditures not accounted for in any other fund.

CITY OF KENNER, LOUISIANA
GENERAL FUND
BALANCE SHEET
June 30, 2002

ASSETS

Cash	\$ 1,235,280
Equity in pooled cash and investments	373,782
Investments	7,791,000
Receivables (net, where applicable, of allowances for uncollectibles)	
Accounts	4,331,687
Intergovernmental	3,127,510
Special assessments - delinquent	477
Due from other funds	4,050,810
Inventory	88,249
Prepaid items	13,697
	<hr/>
TOTAL ASSETS	<u>\$ 21,012,492</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 689,095
Retainage payable	3,916
Accrued liabilities	723,837
Due to other funds	2,324,938
Due to other governments	1,259,590
Deferred revenue	1,726,982
Other liabilities	264,761
	<hr/>
TOTAL LIABILITIES	<u>6,993,119</u>
Fund balance	
Reserved for encumbrances	1,053,758
Reserved for inventory	88,249
Reserved for prepaid items	13,697
Reserved for restricted expenditures	968,655
Reserved for capital expenditures	6,707,091
Unreserved	
Designated for subsequent years' expenditures	2,259,440
Undesignated	2,928,483
	<hr/>
TOTAL FUND BALANCE	<u>14,019,373</u>
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,012,492</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes	\$ 26,118,235	\$ 151,478	\$ 26,269,713	\$ 26,450,948	\$ (181,235)
Licenses and permits	2,526,009	-	2,526,009	2,551,160	(25,151)
Intergovernmental	1,903,434	(362,290)	1,541,144	1,612,016	(70,872)
Charges for services	509,446	-	509,446	590,132	(80,686)
Fines and forfeitures	1,842,280	-	1,842,280	1,886,327	(44,047)
Interest on invested funds	242,862	(14,392)	228,470	495,780	(267,310)
Miscellaneous	353,136	(27,930)	325,206	167,940	157,266
TOTAL REVENUES	33,495,402	(253,134)	33,242,268	33,754,303	(512,035)
EXPENDITURES					
General government	9,338,960	(798,928)	8,540,032	9,525,729	985,697
Public safety	19,362,608	315,252	19,677,860	25,456,873	5,779,013
Public works	4,934,157	(102,637)	4,831,520	4,891,894	60,374
Health and welfare	731,436	1,227	732,663	734,748	2,085
Culture and recreation	3,626,002	(186,263)	3,439,739	3,760,402	320,663
Transit and urban development	492,494	-	492,494	487,376	(5,118)
Miscellaneous	1,666,603	(15,129)	1,651,474	1,661,760	10,286
TOTAL EXPENDITURES	40,152,260	(786,478)	39,365,782	46,518,782	7,153,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,656,858)	533,344	(6,123,514)	(12,764,479)	6,640,965
OTHER FINANCING SOURCES (USES)					
Operating transfers in	7,571,674	(27,549)	7,544,125	7,776,635	(232,510)
Operating transfers out	(5,755,795)	-	(5,755,795)	(5,591,095)	(164,700)
TOTAL OTHER FINANCING SOURCES (USES)	1,815,879	(27,549)	1,788,330	2,185,540	(397,210)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(4,840,979)	505,795	(4,335,184)	(10,578,939)	6,243,755
FUND BALANCE					
AT BEGINNING OF YEAR, AS RESTATED	18,860,352	1,684,171	20,544,523	20,544,523	-
AT END OF YEAR	\$ 14,019,373	\$ 2,189,966	\$ 16,209,339	\$ 9,965,584	\$ 6,243,755

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
TAXES					
Ad valorem tax	\$ 882,419	\$ -	\$ 882,419	892,132	\$ (9,713)
Sales tax	15,024,824	-	15,024,824	15,004,047	20,777
Beer tax	73,559	-	73,559	91,455	(17,896)
Parking tax	1,206,626	-	1,206,626	1,444,563	(237,937)
Franchises					
Electricity service	1,289,309	-	1,289,309	1,504,882	(215,573)
Gas service	140,000	-	140,000	160,000	(20,000)
Off-track wagering	230,925	-	230,925	321,066	(90,141)
Hotel/motel tax	98,297	-	98,297	111,734	(13,437)
Telephone	489,052	-	489,052	472,869	16,183
Riverboat	6,683,224	151,478	6,834,702	6,448,200	386,502
TOTAL TAXES	26,118,235	151,478	26,269,713	26,450,948	(181,235)
LICENSES AND PERMITS					
Business					
Occupational	1,785,908	-	1,785,908	1,783,225	2,683
Alcoholic beverage	67,488	-	67,488	66,000	1,488
Chain store	71,145	-	71,145	77,655	(6,510)
Plumbing	32,335	-	32,335	37,750	(5,415)
Electrical	20,620	-	20,620	23,000	(2,380)
Taxi cab	46,050	-	46,050	46,000	50
Air conditioning	15,696	-	15,696	17,000	(1,304)
Bingo	375	-	375	300	75
Animal control	846	-	846	1,300	(454)
TOTAL BUSINESS	2,040,463	-	2,040,463	2,052,230	(11,767)
Non-business					
Building	163,325	-	163,325	150,000	13,325
Garage sales	3,790	-	3,790	5,000	(1,210)
Brake tags	318,431	-	318,431	343,930	(25,499)
TOTAL NON-BUSINESS	485,546	-	485,546	498,930	(13,384)
TOTAL LICENSES AND PERMITS	2,526,009	-	2,526,009	2,551,160	(25,151)
INTERGOVERNMENTAL					
Federal Grants	267,678	(267,678)	-	-	-
From state					
Parish transportation fund	391,694	-	391,694	373,365	18,329
Parish road fund	183,984	-	183,984	215,000	(31,016)
Video poker	704,505	-	704,505	769,469	(64,964)
Other state grants	102,779	(94,612)	8,167	-	8,167
From other local government subdivisions					
Jefferson Council on Aging	41,794	-	41,794	43,182	(1,388)
Jefferson Parish	211,000	-	211,000	211,000	-
TOTAL INTERGOVERNMENTAL	1,903,434	(362,290)	1,541,144	1,612,016	(70,872)

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES					
Zoning fees	\$ 10,200	\$ -	\$ 10,200	\$ 10,000	\$ 200
Inspection fees					
Electrical	62,060	-	62,060	62,000	60
Plumbing	43,818	-	43,818	45,000	(1,182)
Air conditioning heating, and other	43,931	-	43,931	41,000	2,931
Maps and document sales	2,088	-	2,088	4,500	(2,412)
Tax research fees	16,313	-	16,313	15,000	1,313
Police reports	38,856	-	38,856	40,000	(1,144)
Weed cutting fees	70,453	-	70,453	89,932	(19,479)
Recreation department					
Participation fees	30,096	-	30,096	13,000	17,096
Admission fees	129,122	-	129,122	208,000	(78,878)
Identification and other fees	1,495	-	1,495	-	1,495
Community service fees	14	-	14	700	(686)
Administrative charges	61,000	-	61,000	61,000	-
TOTAL CHARGES FOR SERVICES	509,446	-	509,446	590,132	(80,686)
FINES AND FORFEITURES					
Fines	1,520,177	-	1,520,177	1,666,393	(146,216)
Forfeitures	296,638	-	296,638	191,959	104,679
DWI fines	2,553	-	2,553	10,000	(7,447)
Reinstatement fees	22,912	-	22,912	17,975	4,937
TOTAL FINES AND FORFEITURES	1,842,280	-	1,842,280	1,886,327	(44,047)
INTEREST ON INVESTED FUNDS	242,862	(14,392)	228,470	495,780	(267,310)
MISCELLANEOUS					
Donations	484	-	484	-	484
Rents	78,214	-	78,214	78,090	124
Other investment income	51,551	-	51,551	60,000	(8,449)
Other	222,887	(27,930)	194,957	29,850	165,107
TOTAL MISCELLANEOUS	353,136	(27,930)	325,206	167,940	157,266
TOTAL REVENUES	\$ 33,495,402	\$ (253,134)	\$ 33,242,268	\$ 33,754,303	\$ (512,035)

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT					
Personnel	\$ 3,660,433	\$ -	\$ 3,660,433	\$ 3,767,916	\$ 107,483
Supplies	138,689	(12,820)	125,869	163,664	37,795
Service charges	4,591,341	(127,788)	4,463,553	5,033,220	569,667
Capital outlay	948,497	(658,320)	290,177	560,929	270,752
TOTAL GENERAL GOVERNMENT	\$ 9,338,960	\$ (798,928)	\$ 8,540,032	\$ 9,525,729	\$ 985,697
PUBLIC SAFETY					
Personnel	\$ 12,298,519	\$ (41,135)	\$ 12,257,384	\$ 12,928,748	\$ 671,364
Supplies	745,155	23,553	768,708	863,504	94,796
Service charges	3,662,488	(44,175)	3,618,313	3,853,645	235,332
Capital outlay	2,656,446	377,009	3,033,455	7,810,976	4,777,521
TOTAL PUBLIC SAFETY	\$ 19,362,608	\$ 315,252	\$ 19,677,860	\$ 25,456,873	\$ 5,779,013
PUBLIC WORKS					
Personnel	\$ 3,561,181	\$ -	\$ 3,561,181	\$ 3,586,895	\$ 25,714
Supplies	941,112	(2,251)	938,861	984,074	45,213
Service charges	202,989	(374)	202,615	215,659	13,044
Capital outlay	228,875	(100,012)	128,863	105,266	(23,597)
TOTAL PUBLIC WORKS	\$ 4,934,157	\$ (102,637)	\$ 4,831,520	\$ 4,891,894	\$ 60,374
HEALTH AND WELFARE					
Personnel	\$ 480,108	\$ -	\$ 480,108	\$ 480,781	\$ 673
Supplies	222,828	1,227	224,055	222,916	(1,139)
Service charges	28,500	-	28,500	31,051	2,551
Capital outlay	-	-	-	-	-
TOTAL HEALTH AND WELFARE	\$ 731,436	\$ 1,227	\$ 732,663	\$ 734,748	\$ 2,085
CULTURE AND RECREATION					
Personnel	\$ 2,034,120	\$ -	\$ 2,034,120	\$ 2,029,109	\$ (5,011)
Supplies	293,414	(11,377)	282,037	288,193	6,156
Service charges	912,028	-	912,028	1,224,228	312,200
Capital outlay	386,440	(174,886)	211,554	218,872	7,318
TOTAL CULTURE AND RECREATION	\$ 3,626,002	\$ (186,263)	\$ 3,439,739	\$ 3,760,402	\$ 320,663

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
TRANSIT					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	0	-	0
Service charges	492,494	-	492,494	487,376	(5,118)
Capital outlay	-	-	0	-	0
TOTAL TRANSIT	\$ 492,494	\$ -	\$ 492,494	\$ 487,376	\$ (5,118)
MISCELLANEOUS					
Personnel	\$ 99,284	\$ -	\$ 99,284	\$ 106,760	\$ 7,476
Supplies	-	-	-	-	0
Service charges	1,567,319	(15,129)	1,552,190	1,555,000	2,810
Capital outlay	-	-	-	-	0
TOTAL MISCELLANEOUS	\$ 1,666,603	\$ (15,129)	\$ 1,651,474	\$ 1,661,760	\$ 10,286
TOTAL EXPENDITURES					
Personnel	\$ 22,133,645	\$ (41,135)	\$ 22,092,510	\$ 22,900,209	\$ 807,699
Supplies	2,341,198	(1,668)	2,339,530	2,522,351	182,821
Service charges	11,457,159	(187,466)	11,269,693	12,400,179	1,130,486
Capital outlay	4,220,258	(556,209)	3,664,049	8,696,043	5,031,994
TOTAL EXPENDITURES	\$ 40,152,260	\$ (786,478)	\$ 39,365,782	\$ 46,518,782	\$ 7,153,000

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL GOVERNMENT FUNCTION
Year Ended June 30, 2002

COUNCIL OFFICE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 627,245	\$ -	\$ 627,245	\$ 634,238	\$ 6,993
Supplies	36,964	(5,921)	31,043	44,690	13,647
Service charges	124,676	-	124,676	151,875	27,199
Capital outlay	25,789	1,679	27,468	191,259	163,791
TOTAL EXPENDITURES	\$ 814,674	\$ (4,242)	\$ 810,432	\$ 1,022,062	\$ 211,630

MAYOR'S OFFICE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 225,849	\$ -	\$ 225,849	\$ 236,944	\$ 11,095
Supplies	12,207	-	12,207	17,500	5,293
Service charges	12,527	142	12,669	15,422	2,753
Capital outlay	-	-	-	10,347	10,347
TOTAL EXPENDITURES	\$ 250,583	\$ 142	\$ 250,725	\$ 280,213	\$ 29,488

CHIEF ADMINISTRATIVE OFFICE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 324,359	\$ -	\$ 324,359	\$ 323,275	\$ (1,084)
Supplies	5,825	-	5,825	5,855	30
Service charges	8,476	-	8,476	8,760	284
Capital outlay	15,650	(11,339)	4,311	4,571	260
TOTAL EXPENDITURES	\$ 354,310	\$ (11,339)	\$ 342,971	\$ 342,461	\$ (510)

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2002

FINANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 419,561	\$ -	\$ 419,561	\$ 419,901	\$ 340
Supplies	22,196	(141)	22,055	22,300	245
Service charges	34,899	-	34,899	37,100	2,201
Capital outlay	16,300	-	16,300	16,349	49
TOTAL EXPENDITURES	\$ 492,956	\$ (141)	\$ 492,815	\$ 495,650	\$ 2,835

PURCHASING

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 212,910	\$ -	\$ 212,910	\$ 212,626	\$ (284)
Supplies	4,964	(4,996)	(32)	4,671	4,703
Service charges	17,403	-	17,403	21,719	4,316
Capital outlay	16,215	962	17,177	12,425	(4,752)
TOTAL EXPENDITURES	\$ 251,492	\$ (4,034)	\$ 247,458	\$ 251,441	\$ 3,983

PERSONNEL

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 236,669	\$ -	\$ 236,669	\$ 237,808	\$ 1,139
Supplies	4,090	(8)	4,082	4,760	678
Service charges	23,539	502	24,041	29,566	5,525
Capital outlay	16,995	8,522	25,517	27,401	1,884
TOTAL EXPENDITURES	\$ 281,293	\$ 9,016	\$ 290,309	\$ 299,535	\$ 9,226

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2002

PLANNING

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 159,915	\$ -	\$ 159,915	\$ 174,350	\$ 14,435
Supplies	12,170	263	12,433	13,097	664
Service charges	25,603	-	25,603	27,265	1,662
Capital outlay	21,211	265	21,476	22,796	1,320
TOTAL EXPENDITURES	\$ 218,899	\$ 528	\$ 219,427	\$ 237,508	\$ 18,081

DATA PROCESSING

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 134,632	\$ -	\$ 134,632	\$ 134,335	\$ (297)
Supplies	6,492	(581)	5,911	5,971	60
Service charges	193,495	-	193,495	211,550	18,055
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 334,619	\$ (581)	\$ 334,038	\$ 351,856	\$ 17,818

CIVIL SERVICE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 56,939	\$ -	\$ 56,939	\$ 58,258	\$ 1,319
Supplies	1,883	-	1,883	2,220	337
Service charges	8,728	180	8,908	15,295	6,387
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 67,550	\$ 180	\$ 67,730	\$ 75,773	\$ 8,043

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2002

GENERAL MUNICIPAL EXPENSE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 565,466	\$ -	\$ 565,466	\$ 610,123	\$ 44,657
Supplies	22,321	(140)	22,181	26,200	4,019
Service charges	4,079,667	(130,429)	3,949,238	3,945,500	(3,738)
Capital outlay	835,824	(650,842)	184,982	226,000	41,018
TOTAL EXPENDITURES	\$ 5,503,278	\$ (781,411)	\$ 4,721,867	\$ 4,807,823	\$ 85,956

EMERGENCY RESERVE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-
Service charges	-	-	-	500,000	500,000
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000

MAGISTRATE'S COURT

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 696,888	\$ -	\$ 696,888	\$ 726,058	\$ 29,170
Supplies	9,577	(1,296)	8,281	16,400	8,119
Service charges	62,328	1,817	64,145	69,168	5,023
Capital outlay	513	(7,567)	(7,054)	49,781	56,835
TOTAL EXPENDITURES	\$ 769,306	\$ (7,046)	\$ 762,260	\$ 861,407	\$ 99,147

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
GENERAL GOVERNMENT FUNCTION (CONTINUED)
Year Ended June 30, 2002

TOTAL - GENERAL GOVERNMENT FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 3,660,433	\$ -	\$ 3,660,433	\$ 3,767,916	\$ 107,483
Supplies	138,689	(12,820)	125,869	163,664	37,795
Service charges	4,591,341	(127,788)	4,463,553	5,033,220	569,667
Capital outlay	948,497	(658,320)	290,177	560,929	270,752
TOTAL EXPENDITURES	<u>\$ 9,338,960</u>	<u>\$ (798,928)</u>	<u>\$ 8,540,032</u>	<u>\$ 9,525,729</u>	<u>\$ 985,697</u>

(See Auditors' Report)

(Concluded)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC SAFETY FUNCTION
Year Ended June 30, 2002

POLICE ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 1,647,841	\$ -	\$ 1,647,841	\$ 1,699,946	\$ 52,105
Supplies	65,543	(1,070)	64,473	76,500	12,027
Service charges	771,260	(20,152)	751,108	826,600	75,492
Capital outlay	267,663	(16,196)	251,467	320,000	68,533
TOTAL EXPENDITURES	\$ 2,752,307	\$ (37,418)	\$ 2,714,889	\$ 2,923,046	\$ 208,157

ROAD POLICE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 6,076,479	\$ -	\$ 6,076,479	\$ 6,321,047	\$ 244,568
Supplies	344,001	23,131	367,132	410,000	42,868
Service charges	2,434,191	(4,686)	2,429,505	2,502,500	72,995
Capital outlay	1,873,832	488,521	2,362,353	2,750,000	387,647
TOTAL EXPENDITURES	\$ 10,728,503	\$ 506,966	\$ 11,235,469	\$ 11,983,547	\$ 748,078

POLICE DETECTIVES

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 1,152,304	\$ (41,135)	\$ 1,111,169	\$ 1,275,867	\$ 164,698
Supplies	19,783	2,178	21,961	25,500	3,539
Service charges	42,932	-	42,932	49,000	6,068
Capital outlay	18,940	(5,733)	13,207	45,000	31,793
TOTAL EXPENDITURES	\$ 1,233,959	\$ (44,690)	\$ 1,189,269	\$ 1,395,367	\$ 206,098

(See Auditors' Report)

(Continued on Next Page)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC SAFETY FUNCTION (CONTINUED)
Year Ended June 30, 2002

POLICE COMMUNICATIONS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 693,039	\$ -	\$ 693,039	\$ 721,402	\$ 28,363
Supplies	6,515	(691)	5,824	9,500	3,676
Service charges	-	-	-	-	-
Capital outlay	12,902	(5,190)	7,712	10,500	2,788
TOTAL EXPENDITURES	\$ 712,456	\$ (5,881)	\$ 706,575	\$ 741,402	\$ 34,827

JAIL

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 754,222	\$ -	\$ 754,222	\$ 794,049	\$ 39,827
Supplies	192,326	3,119	195,445	205,500	10,055
Service charges	15,483	-	15,483	17,000	1,517
Capital outlay	382,629	(68,165)	314,464	510,000	195,536
TOTAL EXPENDITURES	\$ 1,344,660	\$ (65,046)	\$ 1,279,614	\$ 1,526,549	\$ 246,935

POLICE RANGE/SWAT

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	16,667	3,318	19,985	32,500	12,515
Service charges	1,110	-	1,110	2,500	1,390
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 17,777	\$ 3,318	\$ 21,095	\$ 35,000	\$ 13,905

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC SAFETY FUNCTION (CONTINUED)
Year Ended June 30, 2002

POLICE TRAFFIC AND RESCUE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 853,440	\$ -	\$ 853,440	\$ 972,132	\$ 118,692
Supplies	65,149	(4,407)	60,742	65,500	4,758
Service charges	192,801	(18,863)	173,938	244,500	70,562
Capital outlay	58,226	(1,187)	57,039	4,125,694	4,068,655
TOTAL EXPENDITURES	\$ 1,169,616	\$ (24,457)	\$ 1,145,159	\$ 5,407,826	\$ 4,262,667

CODE ENFORCEMENT - ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 949,498	\$ -	\$ 949,498	\$ 970,193	\$ 20,695
Supplies	22,274	(140)	22,134	22,447	313
Service charges	202,928	(304)	202,624	206,756	4,132
Capital outlay	42,254	(15,041)	27,213	49,782	22,569
TOTAL EXPENDITURES	\$ 1,216,954	\$ (15,485)	\$ 1,201,469	\$ 1,249,178	\$ 47,709

CODE ENFORCEMENT - INSPECTIONS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 171,696	\$ -	\$ 171,696	\$ 174,112	\$ 2,416
Supplies	12,897	(1,885)	11,012	16,057	5,045
Service charges	1,783	(170)	1,613	4,789	3,176
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 186,376	\$ (2,055)	\$ 184,321	\$ 194,958	\$ 10,637

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC SAFETY FUNCTION (CONTINUED)
Year Ended June 30, 2002

TOTAL - PUBLIC SAFETY FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 12,298,519	\$ (41,135)	\$ 12,257,384	\$ 12,928,748	\$ 671,364
Supplies	745,155	23,553	768,708	863,504	94,796
Service charges	3,662,488	(44,175)	3,618,313	3,853,645	235,332
Capital outlay	2,656,446	377,009	3,033,455	7,810,976	4,777,521
TOTAL EXPENDITURES	<u>\$ 19,362,608</u>	<u>\$ 315,252</u>	<u>\$ 19,677,860</u>	<u>\$ 25,456,873</u>	<u>\$ 5,779,013</u>

(See Auditors' Report)

(Concluded)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC WORKS FUNCTION
Year Ended June 30, 2002

TRAFFIC

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 177,986	\$ -	\$ 177,986	\$ 181,726	\$ 3,740
Supplies	76,565	(4,116)	72,449	80,268	7,819
Service charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 254,551	\$ (4,116)	\$ 250,435	\$ 261,994	\$ 11,559

PARKWAYS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 1,494,718	\$ -	\$ 1,494,718	\$ 1,493,468	\$ (1,250)
Supplies	158,166	(1,669)	156,497	155,856	(641)
Service charges	11,670	-	11,670	13,588	1,918
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 1,664,554	\$ (1,669)	\$ 1,662,885	\$ 1,662,912	\$ 27

DRAINAGE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 299,627	\$ -	\$ 299,627	\$ 311,610	\$ 11,983
Supplies	56,665	-	56,665	66,625	9,960
Service charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 356,292	\$ -	\$ 356,292	\$ 378,235	\$ 21,943

(See Auditors' Report)

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CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC WORKS FUNCTION (CONTINUED)
Year Ended June 30, 2002

PUBLIC WORKS - VEHICLE MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 213,522	\$ -	\$ 213,522	\$ 219,547	\$ 6,025
Supplies	340,773	1,204	341,977	356,500	14,523
Service charges	109,304	94	109,398	110,000	602
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 663,599	\$ 1,298	\$ 664,897	\$ 686,047	\$ 21,150

PUBLIC WORKS - BUILDING MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 944,810	\$ -	\$ 944,810	\$ 947,352	\$ 2,542
Supplies	222,339	2,482	224,821	213,328	(11,493)
Service charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 1,167,149	\$ 2,482	\$ 1,169,631	\$ 1,160,680	\$ (8,951)

PUBLIC WORKS ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 430,518	\$ -	\$ 430,518	\$ 433,192	\$ 2,674
Supplies	86,604	(152)	86,452	111,497	25,045
Service charges	82,015	(468)	81,547	92,071	10,524
Capital outlay	228,875	(100,012)	128,863	105,266	(23,597)
TOTAL EXPENDITURES	\$ 828,012	\$ (100,632)	\$ 727,380	\$ 742,026	\$ 14,646

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
PUBLIC WORKS FUNCTION (CONTINUED)
Year Ended June 30, 2002

TOTAL - PUBLIC WORKS FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 3,561,181	\$ -	\$ 3,561,181	\$ 3,586,895	\$ 25,714
Supplies	941,112	(2,251)	938,861	984,074	45,213
Service charges	202,989	(374)	202,615	215,659	13,044
Capital outlay	228,875	(100,012)	128,863	105,266	(23,597)
TOTAL EXPENDITURES	<u>\$ 4,934,157</u>	<u>\$ (102,637)</u>	<u>\$ 4,831,520</u>	<u>\$ 4,891,894</u>	<u>\$ 60,374</u>

(See Auditors' Report)

(Concluded)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
HEALTH AND WELFARE FUNCTION
Year Ended June 30, 2002

CODE ENFORCEMENT - HUMANE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 91,611	\$ -	\$ 91,611	\$ 91,850	\$ 239
Supplies	1,406	-	1,406	3,116	1,710
Service charges	318	-	318	2,869	2,551
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 93,335	\$ -	\$ 93,335	\$ 97,835	\$ 4,500

FOOD BANK

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 67,969	\$ -	\$ 67,969	\$ 67,814	\$ (155)
Supplies	-	-	-	-	-
Service charges	16,025	-	16,025	16,025	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 83,994	\$ -	\$ 83,994	\$ 83,839	\$ (155)

COUNCIL ON AGING

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 260,533	\$ -	\$ 260,533	\$ 260,174	\$ (359)
Supplies	18,062	(15)	18,047	18,013	(34)
Service charges	11,299	-	11,299	11,299	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 289,894	\$ (15)	\$ 289,879	\$ 289,486	\$ (393)

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
HEALTH AND WELFARE FUNCTION (CONTINUED)
Year Ended June 30, 2002

HANDICAPPED SERVICES

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 59,995	\$ -	\$ 59,995	\$ 60,943	\$ 948
Supplies	375	-	375	375	-
Service charges	786	-	786	786	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 61,156	\$ -	\$ 61,156	\$ 62,104	\$ 948

MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	202,985	1,242	204,227	201,412	(2,815)
Service charges	72	-	72	72	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 203,057	\$ 1,242	\$ 204,299	\$ 201,484	\$ (2,815)

TOTAL - HEALTH AND WELFARE FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 480,108	\$ -	\$ 480,108	\$ 480,781	\$ 673
Supplies	222,828	1,227	224,055	222,916	(1,139)
Service charges	28,500	-	28,500	31,051	2,551
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 731,436	\$ 1,227	\$ 732,663	\$ 734,748	\$ 2,085

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
CULTURE AND RECREATION FUNCTION
Year Ended June 30, 2002

LEISURE SERVICES

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 89,614	\$ -	\$ 89,614	\$ 89,487	\$ (127)
Supplies	11,689	(266)	11,423	11,578	155
Service charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 101,303	\$ (266)	\$ 101,037	\$ 101,065	\$ 28

CULTURAL AFFAIRS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 35,020	\$ -	\$ 35,020	\$ 35,415	\$ 395
Supplies	4,960	-	4,960	4,969	9
Service charges	10,873	-	10,873	10,873	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 50,853	\$ -	\$ 50,853	\$ 51,257	\$ 404

HUMANITIES AND MUSEUMS

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 325,795	\$ -	\$ 325,795	\$ 324,357	\$ (1,438)
Supplies	5,134	1,880	7,014	5,679	(1,335)
Service charges	132,249	-	132,249	132,249	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 463,178	\$ 1,880	\$ 465,058	\$ 462,285	\$ (2,773)

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
CULTURE AND RECREATION (CONTINUED)
Year Ended June 30, 2002

TOURISM

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 109,010	\$ -	\$ 109,010	\$ 108,719	\$ (291)
Supplies	1,200	-	1,200	1,202	2
Service charges	218	-	218	218	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 110,428	\$ -	\$ 110,428	\$ 110,139	\$ (289)

RECREATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 1,164,045	\$ -	\$ 1,164,045	\$ 1,164,082	\$ 37
Supplies	139,576	(12,033)	127,543	134,579	7,036
Service charges	511,900	-	511,900	513,389	1,489
Capital outlay	247,760	(86,373)	161,387	167,378	5,991
TOTAL EXPENDITURES	\$ 2,063,281	\$ (98,406)	\$ 1,964,875	\$ 1,979,428	\$ 14,553

RECREATION MAINTENANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-
Service charges	11,853	-	11,853	194,061	182,208
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 11,853	\$ -	\$ 11,853	\$ 194,061	\$ 182,208

(See Auditors' Report)

(Continued)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
CULTURE AND RECREATION (CONTINUED)
Year Ended June 30, 2002

RECREATION LEISURE SERVICE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	9,497	(700)	8,797	9,024	227
Service charges	1,823	-	1,823	4,118	2,295
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	\$ 11,320	\$ (700)	\$ 10,620	\$ 13,142	\$ 2,522

COMMUNITY SERVICE - ADMINISTRATION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 310,636	\$ -	\$ 310,636	\$ 307,049	\$ (3,587)
Supplies	121,358	(258)	121,100	121,162	62
Service charges	243,112	-	243,112	369,320	126,208
Capital outlay	138,680	(88,513)	50,167	51,494	1,327
TOTAL EXPENDITURES	\$ 813,786	\$ (88,771)	\$ 725,015	\$ 849,025	\$ 124,010

TOTAL - CULTURE AND RECREATION FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 2,034,120	\$ -	\$ 2,034,120	\$ 2,029,109	\$ (5,011)
Supplies	293,414	(11,377)	282,037	288,193	6,156
Service charges	912,028	-	912,028	1,224,228	312,200
Capital outlay	386,440	(174,886)	211,554	218,872	7,318
TOTAL EXPENDITURES	\$ 3,626,002	\$ (186,263)	\$ 3,439,739	\$ 3,760,402	\$ 320,663

(See Auditors' Report)

(Concluded)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
TRANSIT FUNCTION
Year Ended June 30, 2002

TOTAL - TRANSIT FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-
Service charges	492,494	-	492,494	487,376	(5,118)
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 492,494</u>	<u>\$ -</u>	<u>\$ 492,494</u>	<u>\$ 487,376</u>	<u>\$ (5,118)</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
MISCELLANEOUS FUNCTION
Year Ended June 30, 2002

INSURANCE

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 87,586	\$ -	\$ 87,586	\$ 88,000	\$ 414
Supplies	-	-	-	-	-
Service charges	1,552,190	-	1,552,190	1,555,000	2,810
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,639,776</u>	<u>\$ -</u>	<u>\$ 1,639,776</u>	<u>\$ 1,643,000</u>	<u>\$ 3,224</u>

PAY INCENTIVES

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 11,698	\$ -	\$ 11,698	\$ 18,760	\$ 7,062
Supplies	-	-	-	-	-
Service charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 11,698</u>	<u>\$ -</u>	<u>\$ 11,698</u>	<u>\$ 18,760</u>	<u>\$ 7,062</u>

BAD DEBT

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-
Service charges	15,129	(15,129)	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 15,129</u>	<u>\$ (15,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
GENERAL FUND
COMBINING SCHEDULE OF DEPARTMENTAL EXPENDITURES - BUDGET AND ACTUAL
MISCELLANEOUS FUNCTION (CONTINUED)
Year Ended June 30, 2002

TOTAL - MISCELLANEOUS FUNCTION

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Personnel	\$ 99,284	\$ -	\$ 99,284	\$ 106,760	\$ 7,476
Supplies	-	-	-	-	-
Service charges	1,567,319	(15,129)	1,552,190	1,555,000	2,810
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,666,603</u>	<u>\$ (15,129)</u>	<u>\$ 1,651,474</u>	<u>\$ 1,661,760</u>	<u>\$ 10,286</u>

(See Auditors' Report)

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SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenues (other than special assessments, expendable trusts, or revenues for major capital projects) that are legally restricted to expenditures for specific purposes.

ONE PERCENT SALES TAX OF 1984 FUND

The One Percent Sales Tax of 1984 Fund accounts for the proceeds of sales taxes generated by a 1 percent sales tax increase. These funds are to be used to fund a municipal homestead exemption, police protection and various other city services.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

The Community Development Block Grant Fund accounts for grants received from the Federal Community Block Grant Program.

GARBAGE COLLECTION AND DISPOSAL, ROADS AND BRIDGES, STREET LIGHTING, AND FIRE DEPARTMENT FUNDS

The Garbage Collection and Disposal, Roads and Bridges, Street Lighting, and Fire Department Funds account for the proceeds of ad valorem taxes which are specifically dedicated for the functions performed by each of these funds.

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2002

	ONE PERCENT SALES TAX OF 1984	COMMUNITY DEVELOPMENT BLOCK GRANT	GARBAGE COLLECTION AND DISPOSAL
ASSETS			
Cash	\$ -	\$ 31,287	\$ -
Equity in pooled cash and investments	-	-	-
Investments	-	-	-
Receivables			
Intergovernmental	1,876,474	421,232	-
Other	-	2,430	853,700
Due from other funds	389,635	15,411	211,454
Prepaid items	-	2,800	-
TOTAL ASSETS	\$ 2,266,109	\$ 473,160	\$ 1,065,154
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ 118,842	\$ 82,975
Contracts payable	-	53,013	-
Accrued liabilities	-	11,804	-
Due to other funds	2,266,109	224,477	793,216
Deferred revenue	-	-	188,963
TOTAL LIABILITIES	2,266,109	408,136	1,065,154
Fund balance			
Reserved for encumbrances	\$ -	\$ 62,224	\$ -
Reserved for prepaid items	-	2,800	-
Unreserved			
Designated for subsequent year expenditures	-	-	-
Undesignated	-	-	-
TOTAL FUND BALANCE	-	65,024	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,266,109	\$ 473,160	\$ 1,065,154

(See Auditors' Report)

<u>ROADS AND BRIDGES</u>	<u>STREET LIGHTING</u>	<u>FIRE DEPARTMENT</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 31,287
-	-	150,490	150,490
-	-	1,260,533	1,260,533
	-	-	2,297,706
	-	-	856,130
260,422	282,077	853,524	2,012,523
-	-	-	2,800
<u>\$ 260,422</u>	<u>\$ 282,077</u>	<u>\$ 2,264,547</u>	<u>\$ 6,611,469</u>
\$ 13,703	\$ 93,716	\$ 8,692	\$ 317,928
-	-	-	53,013
5,130	1,142	147,711	165,787
222,488	167,147	219,353	3,892,790
9,450	19,182	781,120	998,715
<u>250,771</u>	<u>281,187</u>	<u>1,156,876</u>	<u>5,428,233</u>
\$ 9,651	\$ 890	\$ 12,836	\$ 85,601
-	-	-	2,800
-	-	1,094,835	1,094,835
-	-	-	-
<u>9,651</u>	<u>890</u>	<u>1,107,671</u>	<u>1,183,236</u>
<u>\$ 260,422</u>	<u>\$ 282,077</u>	<u>\$ 2,264,547</u>	<u>\$ 6,611,469</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2002

	ONE PERCENT SALES TAX OF 1984	COMMUNITY DEVELOPMENT BLOCK GRANT	GARBAGE COLLECTION AND DISPOSAL
REVENUES			
Taxes	\$ 10,908,306	\$ -	\$ 680,923
Intergovernmental	-	1,553,869	-
Charges for services	-	-	2,680,250
Interest	-	-	-
Miscellaneous	-	64,277	-
	<u>10,908,306</u>	<u>1,618,146</u>	<u>3,361,173</u>
TOTAL REVENUES			
EXPENDITURES			
Public safety	-	-	-
Public works	-	220,204	3,855,624
Culture and recreation	-	103,030	-
Urban development	-	1,373,379	-
	<u>-</u>	<u>1,696,613</u>	<u>3,855,624</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,908,306</u>	<u>(78,467)</u>	<u>(494,451)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	90,802	494,451
Operating transfers out	<u>(10,908,306)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,908,306)</u>	<u>90,802</u>	<u>494,451</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	12,335	-
FUND BALANCE			
AT BEGINNING OF YEAR, AS RESTATED	<u>-</u>	<u>52,689</u>	<u>-</u>
AT END OF YEAR	<u>\$ -</u>	<u>\$ 65,024</u>	<u>\$ -</u>

(See Auditors' Report)

ROADS AND BRIDGES	STREET LIGHTING	FIRE DEPARTMENT	TOTAL
\$ 128	\$ 262	\$ 3,126,737	\$ 14,716,356
-	-	-	1,553,869
-	-	757	2,681,007
-	-	35,497	35,497
-	3	6,282	70,562
128	265	3,169,273	19,057,291
-	-	4,681,592	4,681,592
1,203,978	1,005,476	-	6,285,282
-	-	-	103,030
-	-	-	1,373,379
1,203,978	1,005,476	4,681,592	12,443,283
(1,203,850)	(1,005,211)	(1,512,319)	6,614,008
1,207,641	1,003,064	1,050,000	3,845,958
-	-	-	(10,908,306)
1,207,641	1,003,064	1,050,000	(7,062,348)
3,791	(2,147)	(462,319)	(448,340)
5,860	3,037	1,569,990	1,631,576
\$ 9,651	\$ 890	\$ 1,107,671	\$ 1,183,236

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE
FUNDS WITH ANNUAL BUDGETS - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes	\$ 14,716,356	\$ -	\$ 14,716,356	\$ 15,327,448	\$ (611,092)
Intergovernmental	1,553,869	546,119	2,099,988	3,126,567	(1,026,579)
Charges for services	2,681,007	-	2,681,007	2,694,540	(13,533)
Interest	35,497	-	35,497	89,005	(53,508)
Miscellaneous	70,562	-	70,562	10,000	60,562
TOTAL REVENUES	19,057,291	546,119	19,603,410	21,247,560	(1,644,150)
EXPENDITURES					
Public safety	4,681,592	(672)	4,680,920	5,693,827	1,012,907
Public works	6,285,282	1,644	6,286,926	6,451,729	164,803
Culture and recreation	103,030		103,030	366,465	263,435
Urban development	1,373,379	546,119	1,919,498	2,803,309	883,811
TOTAL EXPENDITURES	12,443,283	547,091	12,990,374	15,315,330	2,324,956
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,614,008	(972)	6,613,036	5,932,230	680,806
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,845,958	-	3,845,958	4,133,676	(287,718)
Operating transfers out	(10,908,306)	-	(10,908,306)	(11,477,798)	569,492
TOTAL OTHER FINANCING SOURCES (USES)	(7,062,348)	-	(7,062,348)	(7,344,122)	281,774
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(448,340)	(972)	(449,312)	(1,411,892)	962,580
FUND BALANCE					
AT BEGINNING OF YEAR, AS RESTATED	1,631,576	(60,880)	1,570,696	1,597,929	(27,233)
AT END OF YEAR	\$ 1,183,236	\$ (61,852)	\$ 1,121,384	\$ 186,037	\$ 935,347

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - ONE PERCENT SALES TAX OF 1984 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Sales tax	\$ 10,908,306	\$ -	\$ 10,908,306	\$ 11,477,798	\$ (569,492)
TOTAL REVENUES	10,908,306	-	10,908,306	11,477,798	(569,492)
EXPENDITURES					
Personnel	-	-	-	-	-
Supplies	-	-	-	-	-
Service charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	10,908,306	-	10,908,306	11,477,798	(569,492)
OTHER FINANCING USES					
Operating transfers out	(10,908,306)	-	(10,908,306)	(11,477,798)	569,492
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	-	-	-
FUND BALANCE					
AT BEGINNING OF YEAR	-	-	-	-	-
AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Intergovernmental	\$ 1,553,869	\$ 546,119	\$ 2,099,988	\$ 3,126,567	\$ (1,026,579)
Miscellaneous	64,277	-	64,277	-	64,277
TOTAL REVENUES	1,618,146	546,119	2,164,265	3,126,567	(962,302)
EXPENDITURES					
Public works	220,204	-	220,204	191,306	(28,898)
Culture and recreation	103,030	-	103,030	366,465	263,435
Urban development	1,373,379	546,119	1,919,498	2,803,309	883,811
TOTAL EXPENDITURES	1,696,613	546,119	2,242,732	3,361,080	1,118,348
EXCESS OF REVENUES OVER EXPENDITURES	(78,467)	-	(78,467)	(234,513)	156,046
OTHER FINANCING SOURCES (USES)					
Operating transfers in	90,802	-	90,802	234,513	(143,711)
TOTAL OTHER FINANCING SOURCES (USES)	90,802	-	90,802	234,513	(143,711)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	12,335	-	12,335	-	12,335
FUND BALANCE					
AT BEGINNING OF YEAR, AS RESTATE	52,689	(38,475)	14,214	14,214	-
AT END OF YEAR	\$ 65,024	\$ (38,475)	\$ 26,549	\$ 14,214	\$ 12,335

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES					
Public Works					
Capital outlay	\$ 220,204	\$ -	\$ 220,204	\$ 191,306	\$ (28,898)
TOTAL PUBLIC WORKS	220,204	-	220,204	191,306	(28,898)
Culture and Recreation					
Capital outlay	103,030	-	103,030	366,465	263,435
TOTAL CULTURE AND RECREATION	103,030	-	103,030	366,465	263,435
Urban Development					
Personnel	276,756	-	276,756	295,335	18,579
Supplies	2,800	(39)	2,761	2,990	229
Service charges	73,616	-	73,616	84,660	11,044
Capital outlay	1,020,207	546,158	1,566,365	2,420,324	853,959
TOTAL URBAN DEVELOPMENT	1,373,379	546,119	1,919,498	2,803,309	883,811
TOTAL EXPENDITURES	\$ 1,696,613	\$ 546,119	\$ 2,242,732	\$ 3,361,080	\$ 1,118,348

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - GARBAGE COLLECTION AND DISPOSAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Ad valorem tax	\$ 680,923	\$ -	\$ 680,923	\$ 688,462	\$ (7,539)
Charges for services					
Garbage fees and penalties	2,680,250	-	2,680,250	2,693,540	(13,290)
Interest	-	-	-	2,025	(2,025)
TOTAL REVENUES	3,361,173	-	3,361,173	3,384,027	(22,854)
EXPENDITURES					
Public works					
Contractual services	3,855,624	-	3,855,624	3,901,994	46,370
TOTAL EXPENDITURES	3,855,624	-	3,855,624	3,901,994	46,370
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(494,451)	-	(494,451)	(517,967)	23,516
OTHER FINANCING SOURCES					
Operating transfers in	494,451	-	494,451	490,734	3,717
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	-	-	-	(27,233)	27,233
FUND BALANCE					
AT BEGINNING OF YEAR	-	-	-	27,233	(27,233)
AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - ROADS AND BRIDGES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Ad valorem tax	\$ 128	\$ -	\$ 128	\$ -	\$ 128
TOTAL REVENUES	128	-	128	-	128
EXPENDITURES					
Public works					
Personnel	632,083	-	632,083	643,767	11,684
Supplies	313,476	(4,285)	309,191	315,912	6,721
Service charges	258,419	8,076	266,495	418,343	151,848
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	1,203,978	3,791	1,207,769	1,378,022	170,253
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,203,850)	(3,791)	(1,207,641)	(1,378,022)	170,381
OTHER FINANCING SOURCES					
Operating transfers in	1,207,641	-	1,207,641	1,378,022	(170,381)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	3,791	(3,791)	-	-	-
FUND BALANCE					
AT BEGINNING OF YEAR	5,860	(5,860)	-	-	-
AT END OF YEAR	\$ 9,651	\$ (9,651)	\$ -	\$ -	\$ -

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - STREET LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Ad valorem tax	\$ 262	\$ -	\$ 262	\$ -	\$ 262
Miscellaneous	3	-	3	-	3
TOTAL REVENUES	265	-	265	-	265
EXPENDITURES					
Public works					
Personnel	117,245	-	117,245	122,301	5,056
Supplies	108,885	(2,147)	106,738	110,170	3,432
Service charges	779,346	-	779,346	747,936	(31,410)
TOTAL EXPENDITURES	1,005,476	(2,147)	1,003,329	980,407	(22,922)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,005,211)	2,147	(1,003,064)	(980,407)	(22,657)
OTHER FINANCING SOURCES					
Operating transfers in	1,003,064	-	1,003,064	980,407	22,657
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(2,147)	2,147	-	-	-
FUND BALANCE					
AT BEGINNING OF YEAR	3,037	(3,037)	-	-	-
AT END OF YEAR	\$ 890	\$ (890)	\$ -	\$ -	\$ -

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SPECIAL REVENUE FUNDS - FIRE DEPARTMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Ad valorem tax	\$ 3,126,737	\$ -	\$ 3,126,737	\$ 3,161,188	\$ (34,451)
Charges for services					
Fire reports	757	-	757	1,000	(243)
Interest	35,497	-	35,497	86,980	(51,483)
Miscellaneous	6,282	-	6,282	10,000	(3,718)
TOTAL REVENUES	3,169,273	-	3,169,273	3,259,168	(89,895)
EXPENDITURES					
Public safety					
Personnel	3,868,834	-	3,868,834	3,901,156	32,322
Supplies	61,494	7,877	69,371	114,000	44,629
Service charges	671,262	(5,106)	666,156	725,948	59,792
Capital outlay	80,002	(3,443)	76,559	952,723	876,164
TOTAL EXPENDITURES	4,681,592	(672)	4,680,920	5,693,827	1,012,907
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,512,319)	672	(1,511,647)	(2,434,659)	923,012
OTHER FINANCING SOURCES					
Operating transfers in	1,050,000	-	1,050,000	1,050,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(462,319)	672	(461,647)	(1,384,659)	923,012
FUND BALANCE					
AT BEGINNING OF YEAR	1,569,990	(13,508)	1,556,482	1,556,482	-
AT END OF YEAR	\$ 1,107,671	\$ (12,836)	\$ 1,094,835	\$ 171,823	\$ 923,012

(See Auditors' Report)

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DEBT SERVICE FUNDS

The Debt Service Funds are used to accumulate monies for the payment of principal, interest, and fiscal charges on the City of Kenner's general obligation and special tax bonds.

GENERAL DEBT FUND

The General Debt Fund accounts for the tax levy needed to comply with the interest and principal redemption requirements of bond indentures for the following, excess revenue and sales tax bonds:

- Sales Tax Refunding Bonds Series 1992
- Sales Tax Bonds Series 1994
- Sales Tax Bonds Series 1995A
- Excess Revenue Bonds Series 2000
- Excess Revenue Bonds Series 2001

AD VALOREM TAX BOND FUND

The Ad Valorem Tax Bond Fund accounts for the property tax levies needed to comply with the interest and principal redemption requirements of bond indentures for the following bonds:

- General Obligation Refunding Bonds Series 1992

FIREMEN'S PENSION MERGER FUND

The Firemen's Pension Merger Fund accounts for the funding needed to comply with the interest and principal redemption requirements for the loan payable to the Statewide Firefighters Retirement System.

CITY OF KENNER, LOUISIANA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2002

	GENERAL DEBT	AD VALOREM TAX BONDS	FIREMEN'S PENSION MERGER FUND	TOTAL
ASSETS				
Current assets				
Cash	\$ 140,425	\$ 220,015	\$ -	\$ 360,440
Equity in pooled cash and investments	10	5,334	77,668	83,012
Investments	5,028,870	-	-	5,028,870
Intergovernmental receivable	666,724	-	-	666,724
Interest receivable	1,509	-	-	1,509
Due from other funds	513,100	110,003	-	623,103
TOTAL ASSETS	\$ 6,350,638	\$ 335,352	\$ 77,668	\$ 6,763,658
LIABILITIES AND FUND BALANCE				
Liabilities				
Deferred revenue	\$ -	\$ 108,732	\$ -	\$ 108,732
TOTAL LIABILITIES	-	108,732	-	108,732
Fund balance				
Reserved for debt service	6,350,638	226,620	77,668	6,654,926
TOTAL FUND BALANCE	6,350,638	226,620	77,668	6,654,926
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,350,638	\$ 335,352	\$ 77,668	\$ 6,763,658

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2002

	GENERAL DEBT	AD VALOREM TAX BONDS	FIREMEN'S PENSION MERGER FUND	TOTAL
REVENUES				
Taxes	\$ 4,004,853	\$ 284,345	\$ 149,099	\$ 4,438,297
Interest on invested funds	135,980	4,108	4,575	144,663
Miscellaneous	125,613	-	107,613	233,226
TOTAL REVENUES	4,266,446	288,453	261,287	4,816,186
EXPENDITURES				
Debt service				
Principal	3,064,297	225,000	35,606	3,324,903
Interest and fiscal charges	2,221,603	55,781	202,097	2,479,481
Agent fees	-	1,500	-	1,500
Miscellaneous	18,000	-	-	18,000
TOTAL EXPENDITURES	5,303,900	282,281	237,703	5,823,884
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,037,454)	6,172	23,584	(1,007,698)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,475,668	-	-	1,475,668
TOTAL OTHER FINANCING SOURCES (USES)	1,475,668	-	-	1,475,668
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	438,214	6,172	23,584	467,970
FUND BALANCE				
AT BEGINNING OF YEAR	5,912,424	220,448	54,084	6,186,956
AT END OF YEAR	\$ 6,350,638	\$ 226,620	\$ 77,668	\$ 6,654,926

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
DEBT SERVICE FUNDS - GENERAL DEBT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Sales tax	\$ 4,004,853	\$ -	\$ 4,004,853	3,886,256	\$ 118,597
Interest on invested funds	135,980	-	135,980	287,300	(151,320)
Miscellaneous	125,613	(125,613)	-	-	-
TOTAL REVENUES	4,266,446	(125,613)	4,140,833	4,173,556	(32,723)
EXPENDITURES					
Debt service					
Principal	3,064,297	(94,297)	2,970,000	3,055,000	85,000
Interest	2,221,603	(31,316)	2,190,287	2,237,487	47,200
Miscellaneous	18,000	-	18,000	18,000	-
TOTAL EXPENDITURES	5,303,900	(125,613)	5,178,287	5,310,487	132,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,037,454)	-	(1,037,454)	(1,136,931)	99,477
OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,475,668	-	1,475,668	1,136,931	338,737
TOTAL OTHER FINANCING SOURCES (USES)	1,475,668	-	1,475,668	1,136,931	338,737
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	438,214	-	438,214	-	438,214
FUND BALANCE					
AT BEGINNING OF YEAR	5,912,424	-	5,912,424	5,912,424	-
AT END OF YEAR	\$ 6,350,638	\$ -	\$ 6,350,638	\$ 5,912,424	\$ 438,214

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
DEBT SERVICE FUNDS - AD VALOREM TAX BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Ad Valorem tax	\$ 284,345	\$ -	\$ 284,345	\$ 286,859	\$ (2,514)
Interest on invested funds	4,108	-	4,108	5,824	(1,716)
TOTAL REVENUES	<u>288,453</u>	<u>-</u>	<u>288,453</u>	<u>292,683</u>	<u>(4,230)</u>
EXPENDITURES					
Debt service					
Principal	225,000	-	225,000	225,000	-
Interest and fiscal charges	55,781	-	55,781	55,781	-
Agent fees	1,500	-	1,500	1,500	-
TOTAL EXPENDITURES	<u>282,281</u>	<u>-</u>	<u>282,281</u>	<u>282,281</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,172	-	6,172	10,402	(4,230)
FUND BALANCE					
AT BEGINNING OF YEAR	<u>220,448</u>	<u>-</u>	<u>220,448</u>	<u>220,448</u>	<u>-</u>
AT END OF YEAR	<u>\$ 226,620</u>	<u>\$ -</u>	<u>\$ 226,620</u>	<u>\$ 230,850</u>	<u>\$ (4,230)</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
DEBT SERVICE FUNDS - FIREMEN'S PENSION MERGER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJUSTMENT TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES					
Taxes					
Fire insurance premium	\$ 149,099	\$ -	\$ 149,099	\$ 142,131	\$ 6,968
Interest on invested funds	4,575	-	4,575	6,150	(1,575)
Miscellaneous	107,613	-	107,613	89,422	18,191
TOTAL REVENUES	261,287	-	261,287	237,703	23,584
EXPENDITURES					
Debt service					
Principal	35,606	-	35,606	35,606	-
Interest and fiscal charges	202,097	-	202,097	202,097	-
TOTAL EXPENDITURES	237,703	-	237,703	237,703	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23,584	-	23,584	-	23,584
FUND BALANCE					
AT BEGINNING OF YEAR	54,084	-	54,084	54,084	-
AT END OF YEAR	\$ 77,668	\$ -	\$ 77,668	\$ 54,084	\$ 23,584

(See Auditors' Report)

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for all resources and expenditures in connection with the acquisition, renovation and improvements of capital facilities other than those financed by proprietary funds.

GENERAL CAPITAL PROJECT FUNDS

General Capital Projects Fund accounts for projects originally funded by the General Fund and the Wastewater Operations Fund. Also included are projects funded by riverboat fees.

CAPITAL PROJECTS FUNDED WITH BOND PROCEEDS

Capital Projects Funded with Bond Proceeds accounts for projects originally funded by the 1987A Series Bond proceeds, the 1987B Series Bond proceeds and the 1988 Series Bond proceeds. These bonds were refunded by the Sales Tax Refunding Bonds, Series 1992. Also included are projects funded by loans from LDEQ and by proceeds from the Excess Revenue Bonds Series 2000 and 2001.

CITY OF KENNER, LOUISIANA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2002

	GENERAL CAPITAL PROJECTS	CAPITAL PROJECTS FUNDED WITH BOND PROCEEDS	TOTAL
ASSETS			
Cash	\$ 3	\$ 1,532,464	\$ 1,532,467
Equity in pooled cash and investments	2,306,984	556	2,307,540
Investments	2,799,042	5,044,428	7,843,470
Receivables			
Intergovernmental	2,468,655	184,346	2,653,001
Other	186	-	186
Due from other funds	329,801	120,000	449,801
TOTAL ASSETS	<u>\$ 7,904,671</u>	<u>\$ 6,881,794</u>	<u>\$ 14,786,465</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 553,037	\$ 84,769	\$ 637,806
Due to other funds	542,497	557,917	1,100,414
Retainage Payable	80,247	48,226	128,473
Contracts Payable	-	9,267	9,267
TOTAL LIABILITIES	<u>1,175,781</u>	<u>700,179</u>	<u>1,875,960</u>
Fund balance			
Reserved for encumbrances	100,428	2,829,418	2,929,846
Unreserved			
Designated for capital additions and improvements	<u>6,628,462</u>	<u>3,352,197</u>	<u>9,980,659</u>
TOTAL FUND BALANCE	<u>6,728,890</u>	<u>6,181,615</u>	<u>12,910,505</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,904,671</u>	<u>\$ 6,881,794</u>	<u>\$ 14,786,465</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2002

	GENERAL CAPITAL PROJECTS	CAPITAL PROJECTS FUNDED WITH BOND PROCEEDS	TOTAL
REVENUES			
Intergovernmental	\$ 873,601	\$ 543,518	\$ 1,417,119
Interest	219,130	178,541	397,671
Miscellaneous	30,227	-	30,227
TOTAL REVENUES	1,122,958	722,059	1,845,017
EXPENDITURES			
Capital outlay			
General government	321,237	-	321,237
Public safety	462,880	-	462,880
Public works	6,518,319	345,699	6,864,018
Culture and recreation	1,497,256	2,770,447	4,267,703
Agent fees	-	23,475	23,475
TOTAL EXPENDITURES	8,799,692	3,139,621	11,939,313
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,676,734)	(2,417,562)	(10,094,296)
OTHER FINANCING SOURCES (USES)			
Operating transfer in	5,353,260	120,000	5,473,260
Operating transfers out	(1,523,917)	(178,542)	(1,702,459)
Advances - Jefferson Parish	750,000	-	750,000
Proceeds of refunding bonds	-	1,507,500	1,507,500
TOTAL OTHER FINANCING SOURCES (USES)	4,579,343	1,448,958	6,028,301
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,097,391)	(968,604)	(4,065,995)
FUND BALANCE			
AT BEGINNING OF YEAR	9,826,281	7,150,219	16,976,500
AT END OF YEAR	\$ 6,728,890	\$ 6,181,615	\$ 12,910,505

(See Auditors' Report)

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

DEPARTMENT OF WASTEWATER OPERATIONS FUND

The Department of Wastewater Operations Fund accounts for the sewer services provided to the residents of the City of Kenner. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing. Effective July 1, 1995, this department was privatized.

CIVIC CENTER OPERATIONS FUND

The Civic Center Operations Fund accounts for the operations of the Pontchartrain Civic Center. Principal revenues of the fund are rental charges, commissions and governmental subsidies (hotel/motel taxes and cable television franchise fees).

CITY OF KENNER, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2002

	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL
ASSETS			
Current assets			
Cash	\$ 167,214	\$ 469,977	\$ 637,191
Equity in pooled cash and investments	-	263,548	263,548
Investments	-	1,365,942	1,365,942
Receivables (net, where applicable, of allowances for uncollectibles)			
Accounts	41,088	-	41,088
Intergovernmental	29,183	142,188	171,371
Service charges	1,268,782	76,625	1,345,407
Other	-	140,468	140,468
Due from other funds	136,853	-	136,853
Prepaid expenses	302,365	21,742	324,107
Refundable deposits	3,669	-	3,669
TOTAL CURRENT ASSETS	1,949,154	2,480,490	4,429,644
Property, plant, and equipment			
Land and improvements	1,825,937	5,487,658	7,313,595
Buildings and improvements	75,217,384	16,631,909	91,849,293
Furniture and fixtures	151,167	3,314,806	3,465,973
Vehicles and field equipment	1,707,608	-	1,707,608
Construction in progress	657,052	-	657,052
	79,559,148	25,434,373	104,993,521
Less: accumulated depreciation	31,196,621	5,880,519	37,077,140
NET PROPERTY, PLANT AND EQUIPMENT	48,362,527	19,553,854	67,916,381
TOTAL ASSETS	\$ 50,311,681	\$ 22,034,344	\$ 72,346,025

(See Auditors' Report)

	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL
LIABILITIES AND FUND EQUITY			
Liabilities			
Current liabilities			
Accounts payable	\$ 50,286	\$ 213,068	\$ 263,354
Current portion of mortgage note payable	2,630	-	2,630
Accrued liabilities	151,693	14,409	166,102
Deposits on future events	-	178,820	178,820
Due to other funds	31,667	-	31,667
Deferred revenue	134,783	-	134,783
TOTAL CURRENT LIABILITIES	371,059	406,297	777,356
Long-term liabilities			
Mortgage note payable (net of current portion)	14,364	-	14,364
TOTAL LONG TERM LIABILITIES	14,364	-	14,364
TOTAL LIABILITIES	385,423	406,297	791,720
Fund equity			
Contributed capital			
Ad valorem tax bonds	6,346,000	-	6,346,000
Sales tax bonds	14,040,723	19,506,320	33,547,043
Excess revenue bonds	-	2,642,162	2,642,162
Federal government	32,623,517	-	32,623,517
State government	3,952,285	2,039,278	5,991,563
Municipal government	5,076,677	-	5,076,677
Rate payers	7,863,943	-	7,863,943
TOTAL CONTRIBUTED CAPITAL	69,903,145	24,187,760	94,090,905
Retained earnings (deficit)	(19,976,887)	(2,559,713)	(22,536,600)
TOTAL FUND EQUITY	49,926,258	21,628,047	71,554,305
TOTAL LIABILITIES AND FUND EQUITY	\$ 50,311,681	\$ 22,034,344	\$ 72,346,025

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)
Year Ended June 30, 2002

	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL
OPERATING REVENUES			
Charges for services	\$ 4,295,179	\$ 1,404,497	\$ 5,699,676
Miscellaneous	1,413	14,283	15,696
TOTAL OPERATING REVENUES	4,296,592	1,418,780	5,715,372
OPERATING EXPENSES			
Supplies and other expenses	3,008	19,363	22,371
Building and maintenance expenses	38,694	418,297	456,991
Outside services	4,367,207	1,398,168	5,765,375
Insurance premiums	-	54,759	54,759
General expenses			
Depreciation	1,801,801	545,972	2,347,773
Other	230,925	36,824	267,749
TOTAL OPERATING EXPENSES	6,441,635	2,473,383	8,915,018
OPERATING LOSS	(2,145,043)	(1,054,603)	(3,199,646)
NON-OPERATING REVENUES (EXPENSES)			
Ad valorem taxes	485,436	-	485,436
Hotel/motel taxes	-	399,750	399,750
Cable television franchise fees	-	559,851	559,851
Interest income	4,195	43,273	47,468
Gain on fair market value of investments	-	643	643
Interest expense	(1,785)	-	(1,785)
TOTAL NON-OPERATING REVENUES	487,846	1,003,517	1,491,363
NET LOSS	(1,657,197)	(51,086)	(1,708,283)
RETAINED EARNINGS (DEFICIT)			
AT BEGINNING OF YEAR	(18,319,690)	(2,508,627)	(20,828,317)
AT END OF YEAR	\$ (19,976,887)	\$ (2,559,713)	\$ (22,536,600)

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
ENTERPRISE FUND - WASTEWATER OPERATIONS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)
- BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJ. TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES					
Charges for services					
Sewerage service charges	\$ 4,295,179	\$ -	\$ 4,295,179	\$ 4,372,437	\$ (77,258)
Miscellaneous	1,413	-	1,413	1,000	413
TOTAL OPERATING REVENUES	<u>4,296,592</u>	<u>-</u>	<u>4,296,592</u>	<u>4,373,437</u>	<u>(76,845)</u>
OPERATING EXPENSES					
Supplies and other expense	3,008	-	3,008	3,100	92
Building and maintenance expenses	38,694	-	38,694	50,200	11,506
Outside services	4,367,207	-	4,367,207	4,399,025	31,818
General expenses					
Depreciation	1,801,801	(1,801,801)	-	-	-
Other	230,925	(67,986)	162,939	986,869	823,930
TOTAL OPERATING EXPENSES	<u>6,441,635</u>	<u>(1,869,787)</u>	<u>4,571,848</u>	<u>5,439,194</u>	<u>867,346</u>
OPERATING INCOME (LOSS)	<u>(2,145,043)</u>	<u>1,869,787</u>	<u>(275,256)</u>	<u>(1,065,757)</u>	<u>790,501</u>
NON-OPERATING REVENUES (EXPENSES)					
Ad valorem taxes	485,436	-	485,436	490,529	(5,093)
Interest income	4,195	-	4,195	2,825	1,370
Interest expense	(1,785)	-	(1,785)	(5,172)	3,387
TOTAL NON-OPERATING REVENUES	<u>487,846</u>	<u>-</u>	<u>487,846</u>	<u>488,182</u>	<u>(336)</u>
NET LOSS	<u>(1,657,197)</u>	<u>1,869,787</u>	<u>212,590</u>	<u>(577,575)</u>	<u>790,165</u>
RETAINED EARNINGS (DEFICIT)					
AT BEGINNING OF YEAR	<u>(18,319,690)</u>	<u>20,471,055</u>	<u>2,151,365</u>	<u>2,151,365</u>	<u>-</u>
AT END OF YEAR	<u>\$ (19,976,887)</u>	<u>\$ 22,340,842</u>	<u>\$ 2,363,955</u>	<u>\$ 1,573,790</u>	<u>\$ 790,165</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
ENTERPRISE FUND - CIVIC CENTER OPERATIONS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)
- BUDGET AND ACTUAL
Year Ended June 30, 2002

	ACTUAL	ADJ. TO BUDGETARY BASIS	BUDGETARY	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES					
Charges for services					
Rental charges	\$ 790,160	\$ -	\$ 790,160	\$ 690,000	\$ 100,160
Parking	44,213	-	44,213	48,000	(3,787)
Concessions	78,941	-	78,941	56,000	22,941
Catering	107,526	-	107,526	101,250	6,276
Miscellaneous	13,155	-	13,155	6,000	7,155
Electrical	87,980	-	87,980	70,000	17,980
Reimbursed services	190,303	-	190,303	155,000	35,303
Advertising	25,177	-	25,177	30,000	(4,823)
Security	67,042	-	67,042	47,000	20,042
TOTAL CHARGES FOR SERVICES	1,404,497	-	1,404,497	1,203,250	201,247
Miscellaneous	14,283	-	14,283	3,000	11,283
TOTAL OPERATING REVENUES	1,418,780	-	1,418,780	1,206,250	212,530
OPERATING EXPENSES					
Supplies and other expenses	19,363	-	19,363	22,000	2,637
Building and maintenance expense	418,297	85,730	504,027	718,603	214,576
Outside services	1,398,168	-	1,398,168	1,288,280	(109,888)
Insurance premiums	54,759	-	54,759	68,000	13,241
General expenses					
Depreciation	545,972	(545,972)	-	-	-
Other	36,824	-	36,824	-	(36,824)
TOTAL OPERATING EXPENSES	2,473,383	(460,242)	2,013,141	2,096,883	83,742
OPERATING LOSS	(1,054,603)	460,242	(594,361)	(890,633)	296,272
NON-OPERATING REVENUES (EXPENSES)					
Hotel/motel taxes	399,750	-	399,750	329,314	70,436
Cable television franchise fees	559,851	-	559,851	717,301	(157,450)
Interest income	43,273	-	43,273	85,000	(41,727)
Gain on fair market value of investments	643	-	643	-	643
TOTAL NON-OPERATING REVENUES	1,003,517	-	1,003,517	1,131,615	(128,098)
NET INCOME (LOSS)	(51,086)	460,242	409,156	240,982	168,174
RETAINED EARNINGS (DEFICIT)					
AT BEGINNING OF YEAR	(2,508,627)	5,334,547	2,825,920	2,825,920	-
AT END OF YEAR	<u>\$ (2,559,713)</u>	<u>\$ 5,794,789</u>	<u>\$ 3,235,076</u>	<u>\$ 3,066,902</u>	<u>\$ 168,174</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2002

	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:			
Cash flows from operating activities:			
Operating (loss)	\$ (2,145,043)	\$ (1,054,603)	\$ (3,199,646)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,801,801	545,972	2,347,773
Change in current assets (increase) decrease:			
Receivables	(13,164)	51,930	38,766
Due from other funds	(5,932)	-	(5,932)
Intergovernmental	-	(57,569)	(57,569)
Prepaid expenses	(2,376)	105,404	103,028
Change in current liabilities increase (decrease):			
Accounts payable	(54,869)	86,362	31,493
Deferred revenue	(44,338)	(25,370)	(69,708)
Accrued liabilities	100,653	(80,354)	20,299
Due to other funds	(59,930)	-	(59,930)
Deposits on future events	-	(11,927)	(11,927)
TOTAL ADJUSTMENTS	1,721,845	614,448	2,336,293
Net cash provided by (used for) operating activities	(423,198)	(440,155)	(863,353)
Cash flows from noncapital financing activities:			
Ad valorem taxes	485,436	-	485,436
Hotel/motel taxes	-	399,750	399,750
Cable television franchise fees	-	559,851	559,851
Net cash provided by noncapital financing activities	485,436	959,601	1,445,037

(See Auditors' Report)

(Continued on Next Page)

CITY OF KENNER, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2002

	DEPARTMENT OF WASTEWATER OPERATIONS	CIVIC CENTER OPERATIONS	TOTAL
Cash flows from capital and related financing activities:			
Principal payments - mortgage payable	\$ (2,387)	\$ -	\$ (2,387)
Interest payments	(1,785)	-	(1,785)
Acquisition of property, plant, and equipment	(65,678)	(172,312)	(237,990)
Net cash provided by (used for) capital and related financing activities	(69,850)	(172,312)	(242,162)
Cash flows from investing activities:			
Purchase of investment securities	-	(123,725)	(123,725)
Interest received	4,195	43,273	47,468
Net cash provided by (used for) investing activities	4,195	(80,452)	(76,257)
Net increase (decrease) in cash and cash equivalents	(3,417)	266,682	263,265
Cash and cash equivalents, beginning of year	170,631	466,843	637,474
Cash and cash equivalents, end of year	<u>\$ 167,214</u>	<u>\$ 733,525</u>	<u>\$ 900,739</u>
Reconciliation to balance sheet accounts:			
Cash	\$ 167,214	\$ 469,977	\$ 637,191
Equity in pooled cash and investments	-	263,548	263,548
Cash and cash equivalents, end of year	<u>\$ 167,214</u>	<u>\$ 733,525</u>	<u>\$ 900,739</u>
Noncash investing, capital, and financing activities:			
Contributions of capital	\$ 701,463	\$ -	\$ 701,463
Acquisitions of property, plant and equipment through capital contributions	(701,463)	-	(701,463)
Gain on fair market value of investments	-	643	643
(Increase) in fair market value of investments	-	(643)	(643)
Net effect of noncash activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See Auditors' Report)

(Concluded)

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

SELF-INSURANCE FUND

The Self-Insurance Fund accounts for monies accumulated to provide automobile property damage and worker's compensation for which the City is self-insured.

HEALTH INSURANCE FUND

The Health Insurance Fund accounts for monies accumulated to pay the health insurance premiums.

CITY OF KENNER, LOUISIANA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2002

	SELF- INSURANCE FUND	HEALTH INSURANCE FUND	TOTAL
ASSETS			
Cash	\$ 770,251	\$ 611,789	\$ 1,382,040
Investments	4,088,795	-	4,088,795
Due from other funds	1,700,688	-	1,700,688
Prepaid Expenses	-	4,000	4,000
TOTAL ASSETS	<u>\$ 6,559,734</u>	<u>\$ 615,789</u>	<u>\$ 7,175,523</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 462,243	\$ -	\$ 462,243
Estimated claims payable	2,453,861	-	2,453,861
Due to other funds	-	1,070	1,070
TOTAL LIABILITIES	<u>2,916,104</u>	<u>1,070</u>	<u>2,917,174</u>
Fund equity			
Retained earnings	<u>3,643,630</u>	<u>614,719</u>	<u>4,258,349</u>
TOTAL FUND EQUITY	<u>3,643,630</u>	<u>614,719</u>	<u>4,258,349</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 6,559,734</u>	<u>\$ 615,789</u>	<u>\$ 7,175,523</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 2002

	SELF- INSURANCE FUND	HEALTH INSURANCE FUND	TOTAL
OPERATING REVENUES			
Charges for services	\$ 1,850,688	\$ 3,747,107	\$ 5,597,795
OPERATING EXPENSES			
Outside services	700,624	-	700,624
Insurance claims	144,648	-	144,648
Insurance premiums	-	3,468,271	3,468,271
	-		
TOTAL OPERATING EXPENSES	845,272	3,468,271	4,313,543
OPERATING INCOME	1,005,416	278,836	1,284,252
NON-OPERATING REVENUE			
Interest revenue	115,029	7,234	122,263
Gain on fair market value of investments	10,275	-	10,275
TOTAL NON-OPERATING REVENUE	125,304	7,234	132,538
NET INCOME	1,130,720	286,070	1,416,790
RETAINED EARNINGS			
AT BEGINNING OF YEAR	2,512,910	328,649	2,841,559
AT END OF YEAR	\$ 3,643,630	\$ 614,719	\$ 4,258,349

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2002

	SELF- INSURANCE FUND	HEALTH INSURANCE FUND	TOTAL
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:			
Cash flows from operating activities:			
Operating income	\$ 1,005,416	\$ 278,836	\$ 1,284,252
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) in due from other funds	(1,700,688)	-	(1,700,688)
(Decrease) in accounts payable	(13,054)	-	(13,054)
(Decrease) in accrued expenses	(109,714)	-	(109,714)
(Decrease) in due to other funds	-	(2,923)	(2,923)
Total adjustments	(1,823,456)	(2,923)	(1,826,379)
Net cash provided by (used for) operating activities	(818,040)	275,913	(542,127)
Cash flows from (used for) investing activities:			
Purchases of investment securities	(17,062,963)	-	(17,062,963)
Proceeds from maturities of investments	17,838,249	-	17,838,249
Interest received	153,941	7,234	161,175
Net cash provided by (used for) investing activities	929,227	7,234	936,461
Net increase (decrease) in cash and cash equivalents	111,187	283,147	394,334
Cash and cash equivalents, at beginning of year	659,064	328,642	987,706
Cash and cash equivalents, at end of year	\$ 770,251	\$ 611,789	\$ 1,382,040
Noncash investing, capital, and financing activities:			
Gain on fair market value of investments	\$ 10,275	\$ -	\$ 10,275
(Increase) in fair market value of investments	(10,275)	-	(10,275)
Net effect of noncash activities	\$ -	\$ -	\$ -

(See Auditors' Report)

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

FIREMEN'S PENSION AND RELIEF FUND

The Firemen's Pension and Relief Fund accounts for the accumulation of resources to be used for the retirement annuity payments at appropriate amounts and times in the future.

AD VALOREM TAX COLLECTION FUND

The Ad Valorem Tax Collection Fund accounts for property taxes billed and collected on behalf of all funds of the City.

AIRPORT SALES TAX FUND

The Airport Sales Tax Fund is used to account for the proceeds of sales taxes generated from a special 2% sales tax assessed within the Airport Taxing District and to distribute to the appropriate taxing bodies.

CITY OF KENNER, LOUISIANA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
June 30, 2002

	<u>PENSION TRUST FUND</u>
	<u>FIREMEN'S PENSION AND RELIEF</u>
ASSETS	
Cash	\$ 19,178
Equity in pooled cash and investments	-
Investments	801,531
Receivables (net, where applicable, of allowance for uncollectibles)	
Ad valorem taxes	-
Intergovernmental	-
Interest	1,628
Other	60
	<u> </u>
TOTAL ASSETS	<u>\$ 822,397</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to other funds	-
Due to other governments	-
Refunds payable	-
	<u> </u>
TOTAL LIABILITIES	<u>-</u>
Fund balance reserved for employees' pension benefits	<u>822,397</u>
TOTAL FUND BALANCE	<u>822,397</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 822,397</u>

(See Auditors' Report)

AGENCY FUNDS

AD VALOREM TAX COLLECTION	AIRPORT SALES TAX FUND	TOTAL
\$ 27,335	\$ -	\$ 46,513
-	1	1
-	-	801,531
1,520,715	-	1,520,715
-	261,583	261,583
-	-	1,628
-	-	60
<u>\$ 1,548,050</u>	<u>\$ 261,584</u>	<u>\$ 2,632,031</u>
1,535,703	87,196	1,622,899
-	174,388	174,388
12,347	-	12,347
<u>1,548,050</u>	<u>261,584</u>	<u>1,809,634</u>
-	-	822,397
-	-	822,397
<u>\$ 1,548,050</u>	<u>\$ 261,584</u>	<u>\$ 2,632,031</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
PENSION TRUST FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
Year Ended June 30, 2002

	FIREMEN'S PENSION AND RELIEF
ADDITIONS	
Investment Income:	
Net depreciation in fair value	\$ (115,733)
Interest	14,263
Dividends	13,143
	<hr/>
Total Investment Income (Loss)	(88,327)
Less Investment Expense	<hr/> 3,348
	<hr/>
Net Investment Income (Loss)	(91,675)
	<hr/>
DEDUCTIONS	
Continued service incentive	18,380
Administrative expenses	17,717
	<hr/>
TOTAL DEDUCTIONS	36,097
	<hr/>
NET DECREASE	(127,772)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
AT BEGINNING OF YEAR	<hr/> 950,169
	<hr/>
AT END OF YEAR	\$ 822,397
	<hr/> <hr/>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 Year Ended June 30, 2002

AD VALOREM TAX COLLECTION FUND

	<u>BALANCE JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2002</u>
ASSETS				
Cash	\$ 70,091	\$ 5,461,963	\$ 5,504,719	\$ 27,335
Ad valorem taxes receivable	1,400,171	5,647,640	5,527,096	1,520,715
TOTAL ASSETS	<u>\$ 1,470,262</u>	<u>\$ 11,109,603</u>	<u>\$ 11,031,815</u>	<u>\$ 1,548,050</u>
LIABILITIES				
Due to other funds	\$ 1,464,617	\$ 5,526,143	\$ 5,455,057	\$ 1,535,703
Refunds payable	5,645	6,702	-	12,347
TOTAL LIABILITIES	<u>\$ 1,470,262</u>	<u>\$ 5,532,845</u>	<u>\$ 5,455,057</u>	<u>\$ 1,548,050</u>

AIRPORT SALES TAX FUND

	<u>BALANCE JULY 1, 2001</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2002</u>
ASSETS				
Equity in pooled cash and investments	\$ 1	\$ -	\$ -	\$ 1
Due from other governments	264,159	261,583	264,159	261,583
TOTAL ASSETS	<u>\$ 264,160</u>	<u>\$ 261,583</u>	<u>\$ 264,159</u>	<u>\$ 261,584</u>
LIABILITIES				
Due to other funds	\$ 88,054	\$ 87,195	\$ 88,053	\$ 87,196
Due to other governments	176,106	174,388	176,106	174,388
TOTAL LIABILITIES	<u>\$ 264,160</u>	<u>\$ 261,583</u>	<u>\$ 264,159</u>	<u>\$ 261,584</u>

(See Auditors' Report)

(Continued on Next Page)

CITY OF KENNER, LOUISIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2002

TOTALS - ALL AGENCY FUNDS				
	BALANCE JULY 1, 2001	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2002
ASSETS				
Cash	\$ 70,091	\$ 5,461,963	\$ 5,504,719	\$ 27,335
Equity in pooled cash and investments	1	-	-	1
Ad valorem taxes receivable	1,400,171	5,647,640	5,527,096	1,520,715
Due from other governments	264,159	261,583	264,159	261,583
TOTAL ASSETS	<u>\$ 1,734,422</u>	<u>\$ 11,371,186</u>	<u>\$ 11,295,974</u>	<u>\$ 1,809,634</u>
LIABILITIES				
Due to other funds	1,552,671	5,613,338	5,543,110	1,622,899
Due to other governments	176,106	174,388	176,106	174,388
Refunds payable	5,645	6,702	-	12,347
TOTAL LIABILITIES	<u>\$ 1,734,422</u>	<u>\$ 5,794,428</u>	<u>\$ 5,719,216</u>	<u>\$ 1,809,634</u>

(See Auditors' Report)

(Concluded)

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for fixed assets which are not used in Proprietary Fund operations or accounted for in Trust Funds.

CITY OF KENNER, LOUISIANA
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
June 30, 2002

GENERAL FIXED ASSETS

Land	\$ 15,037,988
Buildings	30,559,987
Improvements other than buildings	39,637,918
Furniture, fixtures and equipment	15,414,515
Vehicles	15,644,989
Construction in progress	<u>8,777,584</u>

TOTAL GENERAL FIXED ASSETS	<u><u>\$ 125,072,981</u></u>
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INVESTMENT IN GENERAL FIXED ASSETS FROM

General fund revenues	\$ 51,659,388
General obligation bonds and notes	19,720,280
Federal grants	15,393,600
State grants	1,223,850
Parish grants	263,000
Gifts	887,317
Special assessments	15,072,274
Riverboat fees	<u>20,853,272</u>

TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u><u>\$ 125,072,981</u></u>
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(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
June 30, 2002

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	FURNITURE FIXTURES & EQUIPMENT	VEHICLES	TOTAL
General government						
Administration	\$ 4,191,205	\$ 1,588,855	\$ 4,501,498	\$ 1,269,701	\$ 80,430	\$ 11,631,689
Elected officials	-	-	23,673	638,864	254,972	917,509
Clerk of Court	-	-	4,938	187,877	-	192,815
Planning and zoning	-	-	13,927	93,777	-	107,704
Total General Government	4,191,205	1,588,855	4,544,036	2,190,219	335,402	12,849,717
Public safety	1,912,257	16,552,665	1,268,420	10,052,399	12,167,030	41,952,771
Public works	189,683	353,746	24,220,048	2,143,635	2,830,052	29,737,164
Health and welfare	146,950	216,470	290	55,272	-	418,982
Culture and recreation	8,401,568	10,523,701	8,886,073	845,192	227,062	28,883,596
Transit and urban development	196,325	1,324,550	719,051	127,798	85,443	2,453,167
Total General Fixed Assets Allocated to Functions	<u>\$ 15,037,988</u>	<u>\$ 30,559,987</u>	<u>\$ 39,637,918</u>	<u>\$ 15,414,515</u>	<u>\$ 15,644,989</u>	\$ 116,295,397
Construction in progress						<u>8,777,584</u>
TOTAL GENERAL FIXED ASSETS						<u>\$ 125,072,981</u>

(See Auditors' Report)

CITY OF KENNER, LOUISIANA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
Year Ended June 30, 2002

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS 7/01/01	ADDITIONS	DEDUCTIONS & DEPARTMENTAL TRANSFERS	GENERAL FIXED ASSETS 6/30/02
General government				
Administration	\$ 11,525,403	\$ 106,286	\$ -	\$ 11,631,689
Elected officials	884,245	33,264	-	917,509
Clerk of court	191,819	996	-	192,815
Planning and zoning	81,065	26,639	-	107,704
Total General Government	12,682,532	167,185	-	12,849,717
Public safety	39,221,073	2,731,697	-	41,952,770
Public works	28,267,729	1,683,378	213,943	29,737,164
Health and welfare	394,491	24,492	-	418,983
Culture and recreation	24,164,750	4,718,846	-	28,883,596
Transit and urban development	2,421,878	31,289	-	2,453,167
Total General Fixed Assets Allocated to Functions	107,152,453	9,356,887	213,943	116,295,397
Construction in progress	9,100,039	2,868,609	3,191,064	8,777,584
TOTAL GENERAL FIXED ASSETS	\$ 116,252,492	\$ 12,225,496	\$ 3,405,007	\$ 125,072,981

(See Auditors' Report)

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group records the general obligation bonds and other forms of long-term debt supported by general revenues that are obligations of a governmental unit as a whole and not its individual constituent funds.

CITY OF KENNER, LOUISIANA
SCHEDULE OF GENERAL LONG-TERM DEBT
June 30, 2002

Amount Available and to be Provided
for the Payment of Long-Term Debt

SERIAL BONDS

Amount available in Debt Service Funds	\$ 6,064,150
Amount to be provided for retirement of general obligation, special tax bonds, and special assessment debt with governmental commitment	<u>36,695,850</u>
Total available and to be provided for serial bond retirement	42,760,000

NOTES PAYABLE

Amount available in Debt Service Fund	77,668
Amount to be provided from governmental funds	<u>2,780,232</u>
Total available and to be provided for notes payable	2,857,900

ADVANCES - JEFFERSON PARISH

Amount to be provided by from governmental funds	2,000,000
--	-----------

COMPENSATED ABSENCES PAYABLE

Amount to be provided from governmental funds	2,472,554
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CAPITAL LEASES PAYABLE

Amount to be provided from governmental funds	<u>393,255</u>
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Total amount available and to be provided	<u><u>\$ 50,483,709</u></u>
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General Long-Term Debt Payable

SERIAL BONDS PAYABLE

General obligation and special tax bonds	\$ 42,760,000
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NOTES PAYABLE

2,857,900

ADVANCES - JEFFERSON PARISH

2,000,000

COMPENSATED ABSENCES PAYABLE

2,472,554

CAPITAL LEASES PAYABLE

393,255

Total general long-term debt payable	<u><u>\$ 50,483,709</u></u>
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(See Auditors' Report)

STATISTICAL SECTION

CITY OF KENNER, LOUISIANA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PERCENT OF TOTAL</u>	<u>PUBLIC SAFETY</u>	<u>PERCENT OF TOTAL</u>	<u>PUBLIC WORKS</u>	<u>PERCENT OF TOTAL</u>	<u>HEALTH AND WELFARE</u>	<u>PERCENT OF TOTAL</u>
1993	\$ 6,052,019	18.8	\$ 10,004,115	31.1	\$ 5,083,300	15.8	\$ 634,838	2.0
1994	6,150,179	19.2	11,342,251	35.4	5,432,066	16.9	626,316	2.0
1995	7,355,756	21.0	12,406,268	35.5	5,868,997	16.8	609,811	1.7
1996	8,772,634	21.4	15,896,297	38.7	6,206,314	15.1	701,860	1.7
1997	8,282,770	18.2	17,268,441	38.0	6,933,135	15.3	764,698	1.7
1998	8,148,929	18.4	16,539,725	37.3	6,862,236	15.5	769,305	1.7
1999	7,718,928	16.1	20,823,712	43.3	7,062,176	14.7	789,516	1.6
2000	8,007,147	14.7	24,260,970	44.5	10,457,925	19.2	562,850	1.0
2001	8,956,405	17.4	19,049,353	37.0	10,894,139	21.2	641,597	1.2
2002	9,338,960	16.5	24,044,200	42.4	10,999,235	19.4	731,436	1.3

(1) Includes General, Special Revenue Funded with Taxes and Debt Service Funds.

<u>CULTURE AND RECREATION</u>	<u>PERCENT OF TOTAL</u>	<u>TRANSIT</u>	<u>PERCENT OF TOTAL</u>	<u>DEBT SERVICE</u>	<u>PERCENT OF TOTAL</u>	<u>MISCEL- LANEOUS</u>	<u>PERCENT OF TOTAL</u>	<u>TOTAL</u>	<u>PERCENT OF TOTAL</u>
\$ 2,808,260	8.7	\$ 386,300	1.2	\$ 5,914,097	18.4	\$ 1,296,067	4.0	\$ 32,178,996	100.0
2,664,041	8.3	352,921	1.1	4,172,086	13.0	1,325,103	4.1	32,064,963	100.0
2,992,872	8.6	391,628	1.1	3,903,810	11.2	1,450,042	4.1	34,979,184	100.0
3,170,484	7.7	344,149	.9	4,319,384	10.5	1,628,349	4.0	41,039,471	100.0
3,332,990	7.3	408,919	.9	6,878,206	15.1	1,566,591	3.4	45,435,750	100.0
3,859,815	8.7	408,806	.9	5,814,389	13.1	1,944,224	4.4	44,347,429	100.0
3,862,742	8.0	436,047	.9	5,825,965	12.1	1,546,418	3.2	48,065,504	100.0
3,151,513	5.8	398,474	.7	6,030,438	11.1	1,674,621	3.1	54,543,938	100.0
3,051,478	5.9	454,501	.9	6,735,050	13.1	1,639,556	3.2	51,422,079	100.0
3,626,002	6.4	492,494	.9	5,823,884	10.3	1,666,603	2.9	56,722,814	100.0

CITY OF KENNER, LOUISIANA
GENERAL GOVERNMENT EXPENDITURES BY OBJECT CLASS (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>PERSONNEL SERVICES</u>	<u>PERCENT OF TOTAL</u>	<u>SUPPLIES</u>	<u>PERCENT OF TOTAL</u>	<u>SERVICE CHARGES</u>	<u>PERCENT OF TOTAL</u>
1993	\$ 13,856,231	43.1	\$ 1,612,958	5.0	\$ 9,907,774	30.8
1994	14,359,353	44.8	1,466,075	4.6	10,097,822	31.5
1995	15,531,624	44.4	1,600,026	4.6	11,876,714	34.0
1996	17,085,934	41.6	1,785,418	4.4	13,245,138	32.3
1997	18,224,696	40.1	1,971,065	4.3	13,036,954	28.7
1998	19,721,760	44.5	2,062,214	4.7	13,540,666	30.5
1999	20,457,895	42.6	2,122,520	4.4	13,854,259	28.8
2000	21,292,115	39.0	2,415,603	4.4	15,254,497	28.0
2001	22,149,652	43.1	2,610,917	5.1	15,909,663	30.9
2002	26,751,807	47.2	2,825,053	5.0	17,021,810	30.0

(1) Includes General, Special Revenue Funded with Taxes and Debt Service Funds.

<u>CAPITAL OUTLAY</u>	<u>PERCENT OF TOTAL</u>	<u>DEBT SERVICE</u>	<u>PERCENT OF TOTAL</u>	<u>TOTAL</u>	<u>PERCENT OF TOTAL</u>
\$ 887,936	2.8	\$ 5,914,097	18.4	\$ 32,178,996	100.0
1,969,627	6.1	4,172,086	13.0	32,064,963	100.0
2,067,010	5.9	3,903,810	11.2	34,979,184	100.0
4,603,597	11.2	4,319,384	10.5	41,039,471	100.0
5,324,829	11.7	6,878,206	15.1	45,435,750	100.0
3,208,400	7.2	5,814,389	13.1	44,347,429	100.0
5,804,865	12.1	5,825,965	12.1	48,065,504	100.0
9,551,285	17.5	6,030,438	11.1	54,543,938	100.0
4,016,797	7.8	6,735,050	13.1	51,422,079	100.0
4,300,260	7.6	5,823,884	10.2	56,722,814	100.0

CITY OF KENNER, LOUISIANA
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>PERCENT OF TOTAL</u>	<u>LICENSES AND PERMITS</u>	<u>PERCENT OF TOTAL</u>	<u>INTER- GOVERNMENTAL</u>	<u>PERCENT OF TOTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>PERCENT OF TOTAL</u>
1993	\$ 24,967,084	80.8	\$ 1,963,613	6.4	\$ 1,402,234	4.5	\$ 1,181,214	3.8
1994	27,960,448	81.7	2,183,193	6.4	1,252,423	3.7	1,200,022	3.5
1995	38,610,266	84.1	2,226,695	4.9	1,754,334	3.8	1,289,866	2.8
1996	41,195,517	83.0	2,371,946	4.8	1,856,581	3.7	1,484,513	3.0
1997	40,676,884	82.1	2,341,273	4.7	2,286,365	4.6	1,627,833	3.3
1998	41,957,832	81.5	2,363,845	4.6	2,623,098	5.1	1,646,482	3.2
1999	44,617,388	82.0	2,399,576	4.4	2,366,336	4.3	1,736,289	3.2
2000	45,269,789	80.6	2,444,269	4.4	2,181,274	3.9	2,385,983	4.2
2001	46,105,721	80.9	2,542,202	4.5	1,698,301	3.0	3,052,493	5.4
2002	45,272,888	81.2	2,526,009	4.5	1,903,434	3.4	3,190,453	5.7

(1) Includes General, Special Revenue Funded with Taxes and Debt Service Funds.

<u>FINES AND FORFEITURES</u>	<u>PERCENT OF TOTAL</u>	<u>SPECIAL ASSESSMENTS</u>	<u>PERCENT OF TOTAL</u>	<u>INTEREST</u>	<u>PERCENT OF TOTAL</u>	<u>MISCEL- LANEOUS</u>	<u>PERCENT OF TOTAL</u>	<u>TOTAL</u>	<u>PERCENT OF TOTAL</u>
\$ 911,586	3.0	\$ 29,271	.1	\$ 201,374	.7	\$ 228,736	.7	\$ 30,885,112	100.0
1,011,839	3.0	39,527	.1	311,346	.9	278,366	.8	34,237,164	100.0
1,127,429	2.5	39,539	.1	639,073	1.4	199,797	.4	45,886,999	100.0
1,121,222	2.3	29,271	.1	1,155,874	2.3	426,601	.9	49,641,525	100.0
1,304,823	2.6	29,271	.1	1,106,980	2.2	166,871	.3	49,540,300	100.0
1,506,680	2.9	29,271	.1	1,123,888	2.2	243,822	.5	51,494,918	100.0
1,846,210	3.4	29,272	.1	1,185,654	2.2	263,410	.5	54,444,135	100.0
2,135,780	3.8	29,271	.1	1,341,532	2.4	369,250	.7	56,157,148	100.0
1,845,159	3.2	-	-	1,221,222	2.1	505,191	.9	56,970,289	100.0
1,842,280	3.3	-	-	423,022	.8	592,647	1.1	55,750,733	100.0

CITY OF KENNER, LOUISIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>TOTAL MILLAGES</u>	<u>NON- HOMESTEAD EXEMPT TAX LEVY</u>	<u>TAX COLLECTIONS AND ADJUSTMENTS</u>	<u>PERCENT OF LEVY COLLECTED & ADJUSTED</u>	<u>TOTAL OUTSTANDING DELINQUENT TAXES RECEIVABLE</u>
1993	24.22	\$ 4,788,328	\$ 4,332,766	90.49	\$ 1,314,752
1994	23.36	4,725,618	4,488,199	94.98	1,279,679
1995	23.36	4,680,143	4,430,768	94.67	1,396,007
1996	23.36	4,945,611	4,768,588	96.42	1,372,837
1997	21.87	5,077,528	4,918,121	96.86	1,210,252
1998	21.70	5,143,207	5,005,049	97.31	1,222,334
1999	21.70	5,262,573	5,040,482	95.78	1,306,050
2000	21.70	5,503,590	5,312,280	96.52	1,351,566
2001	19.24	5,569,405	5,441,556	97.70	1,400,171
2002	19.24	5,655,345	5,455,652	96.47	1,520,715

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CITY OF KENNER, LOUISIANA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>FISCAL YEAR</u>	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>TAX SALE</u>	<u>PUBLIC SERVICE CORPORATIONS</u>
1993	\$ 214,287,450	\$ 37,366,492	\$ 5,379,716	\$ 29,995,049
1994	214,159,570	41,904,031	5,224,996	31,279,553
1995	214,213,110	43,253,948	5,271,656	29,250,567
1996	220,803,770	50,596,941	3,990,386	28,614,918
1997	237,074,541	58,195,479	4,257,761	30,995,528
1998	241,398,331	60,938,732	3,699,541	30,195,387
1999	245,918,850	62,500,241	4,820,151	28,922,196
2000	254,284,120	65,933,841	4,459,761	30,302,781
2001	291,404,556	68,936,961	2,799,070	32,836,974
2002	301,464,836	64,234,420	3,064,840	31,651,971

NOTES:

(1) Assessed values are established by the Parish Assessor by December of each year at 10 percent of assumed market value for real property and 15 percent of assumed market value for other property. A revaluation of all property is required to be completed every four years. The last revaluation was completed for December 2000.

(2) Source: Jefferson Parish Assessor's Office.

RAILWAY ROLLING STOCK	(1) TOTAL ASSESSMENTS	HOMESTEAD EXEMPT	NON-HOMESTEAD EXEMPT	TOTAL ESTIMATED ACTUAL VALUE
\$ 35,490	\$ 287,064,197	\$ 89,362,880	\$ 197,701,317	\$ 2,645,985,200
36,450	292,604,600	90,309,400	202,295,200	2,681,979,220
42,600	292,031,881	91,683,350	200,348,531	2,678,495,093
46,390	304,052,405	92,339,680	211,712,725	2,776,329,887
42,070	330,565,379	98,398,673	232,166,706	3,008,210,200
44,920	336,276,911	99,263,364	237,013,547	3,058,838,980
43,660	342,205,098	99,690,817	242,514,281	3,117,163,990
58,630	355,039,133	101,418,082	253,621,051	3,229,407,157
59,320	396,036,881	106,566,854	289,470,027	3,620,924,627
54,620	400,470,687	106,533,925	293,936,762	3,684,903,500

CITY OF KENNER, LOUISIANA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS
(UNAUDITED)

COLLECTION YEAR	LEVY YEAR	CITY OF KENNER					PARISH	TOTAL
		GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	WASTEWATER OPERATIONS FUND	TOTAL	(1) POLITICAL SUBDIVISIONS	
1993	1992	3.75	16.16	2.25	2.06	24.22	76.45	100.67
1994	1993	3.75	16.16	1.39	2.06	23.36	75.74	99.10
1995	1994	3.75	16.16	1.39	2.06	23.36	72.85	96.21
1996	1995	3.75	16.16	1.39	2.06	23.36	67.62	90.98
1997	1996	3.51	15.13	1.30	1.93	21.87	67.62	89.49
1998	1997	3.51	15.13	1.13	1.93	21.70	68.86	90.56
1999	1998	3.51	15.13	1.13	1.93	21.70	69.29	90.99
2000	1999	3.51	15.13	1.13	1.93	21.70	69.29	90.99
2001	2000	3.11	13.42	1.00	1.71	19.24	61.36	80.60
2002	2001	3.11	13.42	1.00	1.71	19.24	67.75	86.99

NOTES:

(1) Source: Jefferson Parish Assessor.

CITY OF KENNER, LOUISIANA
 PRINCIPAL TAXPAYERS OF AD VALOREM TAXES
 Year Ended June 30, 2002
 (UNAUDITED)

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2001 ASSESSED VALUATION</u>	<u>2001 TAX AMOUNT</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Southwest Airlines	Air Carrier	\$ 9,568,510	\$ 184,098	2.4
CF Kenner Associates	Retail (Mall)	6,441,710	123,939	1.6
Bell South Telecommunicatons	Telephone Utility	5,029,570	96,769	1.3
Treasure Chest Casino	Casino	3,333,355	64,134	0.8
Continental Airlines	Air Carrier	2,805,790	53,983	0.7
Delta Airlines	Air Carrier	2,410,450	46,377	0.6
Sterik Company	Shopping Center	2,300,000	44,252	0.6
Kenner Hotel Ltd. Partnership	Hotel	2,283,010	43,925	0.6
United Airlines	Air Carrier	2,099,490	40,394	0.5
Pellerin Milnor Corp	Laundry Machinery Manufacturer	2,093,358	40,276	0.5
		<u>\$ 38,365,243</u>	<u>\$ 738,147</u>	

CITY OF KENNER, LOUISIANA
SPECIAL ASSESSMENT LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>CURRENT AND DELINQUENT ASSESSMENTS DUE AT BEGINNING OF YEAR</u>	<u>ASSESSMENTS LEVIED DURING YEAR</u>	<u>(1) CURRENT AND DELINQUENT ASSESSMENTS COLLECTED DURING YEAR</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>(2) TOTAL ASSESSMENTS OUTSTANDING AT END OF YEAR</u>
PAVING ASSESSMENTS					
1993	\$ 503,495	-	\$ 50,999	10.13	\$ 452,496
1994	452,496	-	41,894	9.26	410,602
1995	410,602	-	37,352	9.10	373,250
1996	373,250	-	29,271	7.84	343,979
1997	343,979	-	29,271	8.51	314,708
1998	314,708	-	39,258	12.47	275,450
1999	275,450	-	29,273	10.63	246,177
2000	246,177	-	33,312	13.53	212,865
2001	212,865	-	5,958	2.80	206,907
2002	206,907	-	-	0.00	206,907
SEWERAGE ASSESSMENTS					
1993	\$ 65,016	-	\$ 2,500	3.85	\$ 62,516
1994	62,516	-	3,021	4.83	59,495
1995	59,495	-	1,582	2.66	57,913
1996	57,913	-	-	0.00	57,913
1997	57,913	-	-	0.00	57,913
1998	57,913	-	3,089	5.33	54,824
1999	54,824	-	423	0.77	54,401
2000	54,401	-	340	0.62	54,061
2001	54,061	-	-	0.00	54,061
2002	54,061	-	-	0.00	54,061

NOTES:

(1) Collections include total payouts of individual assessments.

(2) Balance outstanding does not include interest receivable on delinquent assessments.

CITY OF KENNER, LOUISIANA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2002
(UNAUDITED)

Assessed value		<u>\$ 400,470,687</u>
Debt limit - 35% of assessed value (1)		\$ 140,164,740
Total bonds payable	\$ 42,760,000	
Less: Sales tax bonds	(32,920,000)	
Amount available for repayment of general obligation and excess revenue bonds	<u>1,048,036</u>	
Total debt applicable to limitation		<u>10,888,036</u>
Legal debt margin		<u>\$ 129,276,704</u>

NOTES:

- (1) Louisiana R.S. 39:562 allows a maximum of 10% of the assessed valuation for bonded debt for any one purpose or 35% of the total assessed value for all purposes.

CITY OF KENNER, LOUISIANA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR	(1) POPULATION	ASSESSED VALUE (IN THOUSANDS)	(2) GROSS BONDED DEBT	(2) DEBT SERVICE MONIES AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1993	75,317	\$ 287,064	\$ 2,465,000	\$ 239,992	\$ 2,225,008	0.78 %	\$ 30
1994	72,700	292,605	2,305,000	233,707	2,071,293	0.71 %	28
1995	72,300	292,032	2,140,000	220,839	1,919,161	0.66 %	27
1996	73,765	304,052	1,965,000	230,650	1,734,350	0.57 %	24
1997	74,002	330,565	1,785,000	253,567	1,531,433	0.46 %	21
1998	74,180	336,277	1,595,000	236,258	1,358,742	0.40 %	18
1999	74,220	342,205	1,395,000	219,095	1,175,905	0.34 %	16
2000	75,054	355,039	1,190,000	220,821	969,179	0.27 %	13
2001	70,517	396,037	975,000	220,448	754,552	0.19 %	11
2002	70,517	400,471	750,000	226,621	523,379	0.13 %	7

NOTES:

(1) Source: Louisiana Tech University for 1993-2000; U.S. Census Bureau 2000 Census for 2001-2002. Except for 2002, the figures represent the City's population for the preceeding calendar year. At the time of report issuance, the 2000 Census was the most current population information available.

(2) Includes only Ad Valorem Tax Bonds.

CITY OF KENNER, LOUISIANA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL BONDED DEBT TO GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>(2) INTEREST AND FEES</u>	<u>TOTAL DEBT SERVICE</u>	<u>(1) TOTAL GENERAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1993	\$ 1,539,119	\$ 3,438,906	\$ 4,978,025	\$ 32,178,996	15.47
1994	1,943,527	2,223,884	4,167,411	32,064,963	13.00
1995	1,729,405	2,174,405	3,903,810	34,979,184	11.16
1996	2,010,033	2,309,351	4,319,384	41,039,471	10.52
1997	4,155,441	2,722,764	6,878,205	45,435,750	15.14
1998	3,200,029	2,614,360	5,814,389	44,347,429	13.11
1999	3,346,203	2,479,762	5,825,965	48,065,504	12.12
2000	3,528,492	2,489,949	6,018,441	54,543,938	11.03
2001	3,140,898	2,416,622	5,557,520	51,422,079	10.81
2002	3,324,903	2,480,981	5,805,884	56,722,814	10.24

NOTES:

(1) Includes General, Special Revenue Funded with Taxes and Debt Service Funds.

(2) Excludes bond issuance costs.

CITY OF KENNER, LOUISIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2002
(UNAUDITED)

	INDEBTEDNESS AS OF	NET AD VALOREM TAX BONDED DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO THE CITY (1)	AMOUNT APPLICABLE TO THE CITY
City of Kenner	6-30-02	\$ 750,000	100.0%	\$ 750,000
Total direct debt				\$ 750,000
Jefferson Parish	12-31-01	61,105,000	15.32%	\$ 9,361,286
Jefferson Parish Public School System	6-30-02	15,351,753	20.06%	3,079,562
Total overlapping debt				\$ 12,440,848
Total direct and overlapping debt				\$ 13,190,848
Taxable assessed valuation				\$ 400,470,687
Ratio of direct and overlapping debt to taxable assessed valuation				3.3%
Direct and overlapping debt per capita				\$ 187

NOTES:

- (1) The percentage of indebtedness of the City's overlapping political subdivisions was determined by dividing the City's assessed valuation subject to taxation by the total assessed valuation subject to taxation of the overlapping subdivision.

CITY OF KENNER, LOUISIANA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	<u>(1) POPULATION</u>	<u>(2) PER CAPITA PERSONAL INCOME</u>	<u>(3) UNEMPLOYMENT RATES</u>
1993	75,317	\$ 19,100	5.9%
1994	72,700	21,578	6.4%
1995	72,300	22,868	5.0%
1996	73,765	23,607	4.6%
1997	74,002	25,094	3.8%
1998	74,180	26,251	3.3%
1999	74,220	27,100	2.9%
2000	75,054	(4)	3.9%
2001	70,517	(4)	4.6%
2002	70,517	(4)	(4)

NOTES:

- (1) Source: Louisiana Tech University for 1993-2000; U.S. Census Bureau 2000 Census for 2001-2002. Except for 2002, the figures represent the City's population for the preceeding calendar year. At the time of report issuance, the 2000 Census was the most current population information available.
- (2) Source: Bureau of Economic Analysis, U.S. Department of Commerce. Figures apply to Jefferson Parish, in which the City of Kenner is an incorporated municipality.
- (3) Source: Louisiana Department of Labor, Research and Statistical Division for calendar years. Figures apply to Jefferson Parish, in which the City of Kenner is an incorporated municipality.
- (4) Information not yet available.

CITY OF KENNER, LOUISIANA
PROPERTY VALUE AND PRIVATE CONSTRUCTION PERMITS AND VALUE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>FISCAL YEAR</u>	(1) <u>ASSESSED PROPERTY VALUE</u>	<u>CONSTRUCTION PERMITS (2)</u>	
		<u>NUMBER OF BUILDING PERMITS</u>	<u>VALUE</u>
1993	\$ 287,064,197	535	\$ 27,975,909
1994	292,604,600	439	30,302,337
1995	292,031,881	605	36,140,565
1996	304,052,405	695	74,900,927
1997	330,565,379	636	32,283,893
1998	336,276,911	693	66,281,179
1999	342,205,098	627	38,348,546
2000	355,039,133	631	53,729,587
2001	396,036,881	547	62,614,267
2002	400,470,687	596	66,767,144

NOTES:

(1) Assessed values from the fifth table presented.

(2) Source: City of Kenner Code Enforcement Department.

CITY OF KENNER, LOUISIANA
MISCELLANEOUS STATISTICS
June 30, 2002
(UNAUDITED)

Date of Incorporation: December 13, 1913

Form of Government: Home Rule Charter;
Mayor-Council Form

Average Elevation: -5 Feet

Area: 15 square miles

Number of Street Lights: 6,987

Number of Housing Units: 27,546

Fire Protection:

Rating: 2 on a scale of 1 to 10 with 1 being the highest
(Louisiana Property Insurance Association)

Number of Stations: 5

Number of Commissioned Firemen: 89

Number of Pieces of Equipment: 19

Police Protection:

Number of Stations: 2

Number of Commissioned Policemen: 175

Sewerage Treatment:

Treatment Capacity: 13.25 MGD

Number of Treatment Plants: 2

Number of Low Lift Stations: 77

Number of Miles on Collection System: 391

Discharge Point: Mississippi River

Culture and Recreation:

Art Gallery: 1

Number of Museums: 7

Number of Theatres: 3

Number of Parks: 2

Number of Gymnasiums: 10

Number of Playgrounds: 11

Number of Tot-Lots: 17

Number of Wheelchair Tracks: 3

Number of Employees:

Civil Service: 276

Unclassified: 519

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SINGLE AUDIT SECTION

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*PROFESSIONAL CORPORATION
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

We have audited the general purpose financial statements of the City of Kenner, Louisiana as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Kenner's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Kenner's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Kenner, Louisiana in a separate letter dated December 20, 2002.

Honorable Mayor and Members of the Council
City of Kenner, Louisiana
December 20, 2002
Page 2

This report is intended solely for the information of management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 20, 2002


Certified Public Accountants

ERICKSEN KRENTEL & LAPORTE L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

Compliance

We have audited the compliance of the City of Kenner, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The City of Kenner's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Kenner's management. Our responsibility is to express an opinion on the City of Kenner's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kenner's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Kenner's compliance with those requirements.

In our opinion, the City of Kenner, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 02-1, 02-2, and 02-3.

Internal Control Over Compliance

The management of the City of Kenner, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs.

Honorable Mayor and Members of the Council
City of Kenner, Louisiana
December 20, 2002
Page 2

In planning and performing our audit, we considered the City of Kenner's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, City Council, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 20, 2002


Certified Public Accountants

CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2002

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Community Development Block Grant *	14.218	B-01-MC-22-008	\$ 114,070
Community Development Block Grant *	14.218	B-00-MC-22-008	943,893
Community Development Block Grant *	14.218	B-99-MC-22-008	279,414
			<u>1,337,377</u>
Passed through Jefferson Parish, Louisiana:			
Home Investment Partnership Program (HOME)	14.239	M99-DC-22-0207	16,812
Home Investment Partnership Program (HOME)	14.239	M98-DC-22-0207	34,060
Home Investment Partnership Program (HOME)	14.239	M97-DC-22-0207	139,996
			<u>190,868</u>
Passed through Louisiana Department of Social Services:			
Emergency Shelter Grants Program	14.231	559301	<u>25,625</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 1,553,870</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through Louisiana Commission on Law Enforcement:			
Byrne Formula Grant Program			
After School Drug and Alcohol Prevention Program	16.579	B01-7-008	\$ 36,063
Law Enforcement Response to Domestic Violence	16.579	B01-7-020	15,537
Enhance Police Crime Scene Unit	16.579	B98-7-028	8,832
Street Sales Disruption	16.579	B01-7-007	19,394
			<u>79,826</u>
Passed through City of Gretna Police Department:			
Byrne Formula Grant Program			
Municipal Narcotics Task Force Grant	16.579	Phase XII	<u>35,052</u>
			<u>35,052</u>
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	192026003	5,283
Local Law Enforcement Block Grant	16.592	01-LB-BX-2199	2,554
Local Law Enforcement Block Grant	16.592	00-LB-BX-0876	87,884
Local Law Enforcement Block Grant	16.592	99-LB-VX-7671	141,177
			<u>236,898</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 351,776</u>

(Continued)

CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2002

<u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through Louisiana Department of Military Affairs, Office of Emergency Preparedness:			
Hazard Mitigation Grant	83.548	1049-053-0005	\$ 12,738
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>\$ 12,738</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Direct Programs:			
Kenner Planetarium and Space Theatre *	43.xxx	NCC5-419	\$ 416,850
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			<u>\$ 416,850</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Louisiana Department of Transportation and Development:			
Highway Planning and Construction			
Loyola Drive Improvements Phase II *	20.205	STP-8668(005)	\$ 78,750
Vintage Blvd. Improvements Phase II *	20.205	STP-8691(008)	252,480
			<u>331,230</u>
Passed through Louisiana Highway Safety Commission:			
Occupant Protection			
LHSC Strap in 2002	20.602	N157 02-08-11	3,985
State and Community Highway Safety			
Police Patrols Over Safe Streets Everywhere (POSSE)	20.600	0132	<u>4,308</u>
			<u>8,293</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 339,523</u>
ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
Surveys, Studies, Investigations and Special Purpose Grants			
Wastewater Operations Consolidation	66.606	XP-98617701-0	\$ 126,668
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>\$ 126,668</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,801,425</u>

* This program is considered a "major" program under OMB Circular A-133.

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

CITY OF KENNER, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2002

NOTE A – SCOPE OF AUDIT PURSUANT TO GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133, “AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS” AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of the City of Kenner, Louisiana, are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing included:

Community Development Block Grants (CFDA No. 14.218)
Highway Planning and Construction (CFDA No. 20.205)
National Aeronautics and Space Administration (Grant No. NCC5-419)

The U.S. Department of Housing and Urban Development has been designated as the City’s oversight agency for the single audit.

NOTE B - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended June 30, 2002. Revenues and expenditures recorded prior to July 1, 1986 for programs with contractual reimbursement periods commencing prior to that date were outside the scope of the single audit. These prior period revenues and expenditures are subject to the audit requirements of the applicable federal funding sources. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

2. ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by the City. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements received. Generally, accrued balances caused by differences in the timing of cash reimbursements and expenditures will be reversed in the remaining grant period.

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CITY OF KENNER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the City of Kenner, Louisiana.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the *Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the general purpose financial statements of City of Kenner, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the City of Kenner, Louisiana expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the City of Kenner, Louisiana are reported in this schedule.
7. The programs tested as major programs include:

CFDA Number/Grant Number

Community Development Block Grants	14.218
Highway Planning and Construction	20.205
National Aeronautics and Space Administration	NCC5-419

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Kenner, Louisiana did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Housing and Urban Development

Questioned
Costs

02-1 Community Development Block Grant (CDBG) - CFDA No. 14.218

Condition – Failure to report program income and offsetting expenditures on the quarterly Federal Cash Transactions Reports (SF-272) for the period April 1, 2001 to June 30, 2002.

\$ -

CITY OF KENNER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Questioned Costs</u>
<p><u>Criteria</u> – The City of Kenner receives program income generated from the use of property purchased and renovated by CDBG funds. This income and any offsetting expenditures are required to be reported on the quarterly SF-272 reports.</p> <p><u>Effect</u> – The financial information reported on the quarterly SF-272 reports is not complete and accurate.</p> <p><u>Cause</u> – Procedures are not in place to verify accuracy and completeness of the SF-292 reports.</p> <p><u>Recommendation</u> – Procedures should be implemented to assure that the SF-272 reports are complete and accurate. Consider contacting HUD to determine if amended filings are necessary.</p> <p><u>Response</u> – See Management’s Corrective Action Plan for their response.</p>	
<u>02-2 Community Development Block Grant (CDBG) – CFDA No. 14.218</u>	
<p><u>Condition</u> – Failure to maintain an updated property listing on equipment and real property acquired and used in the program.</p> <p><u>Criteria</u> – A-102 Common Rule and OMB Circular A-110 require property records to be maintained and a physical inventory be reconciled to the property records.</p> <p><u>Effect</u> – An updated property listing is not maintained.</p> <p><u>Cause</u> – Procedures are not in place to periodically update the property listing.</p> <p><u>Recommendation</u> – Procedures should be implemented to assure a complete and accurate property listing is maintained.</p> <p><u>Response</u> – See Management’s Corrective Action Plan for their response.</p>	-
 Total U.S. Department of Housing and Urban Development	 - -

CITY OF KENNER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Questioned Costs</u>
<u>U. S. Department of Transportation</u>	
<u>02-3 Highway Planning and Construction – CFDA No. 20.205</u>	
Condition – Failure to submit cost reimbursement requests on the engineering portion of the project in a timely manner.	158,000
Criteria – The contract between the City and the State of Louisiana Department of Transportation and Development (DOTD) required the City and or its representative to submit all final billings for all phases of work within one year after the completion of final acceptance of the project. The contract also states that failure to submit these billings within the specified one year period shall result in the project being closed on previously billed amounts and any unbilled cost shall be the responsibility of the City.	
Effect – The City assigned this responsibility to the engineering firm used on this project. The engineering firm did not submit these billings within the specified time period. The DOTD may choose not to reimburse the City for the costs incurred.	
Recommendation – Procedures should be implemented to assure the timely submission of all cost reimbursement requests.	
Response – See Management’s Corrective Action Plan for their response.	
Total U. S. Department of Transportation	<u>158,000</u>
	<u>\$ 158,000</u>

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CITY OF KENNER, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2002

A. INTERNAL CONTROL FINDINGS

None

B. FINDINGS RELATED TO FEDERAL AWARD PROGRAMS

U.S. DEPARTMENT OF JUSTICE

01-1 COPS Universal Hiring Program – CFDA No. 16.710; Grant No. 96-CC-WX-0081

Condition:

Twelve (12) officers were hired under the COPS Universal Hiring Program. One of these officers was hired prior to the grant award date in specific anticipation of receiving the grant. The U.S. Department of Justice initially found the City to be in noncompliance with the grant regulations and requested the return of grant funds expended for the one officer's position.

Current Status:

Upon further review, the Department of Justice has determined that the City did increase its total sworn officer force by at least twelve new additional sworn officer positions, as required by the grant. Accordingly, the Department of Justice has determined that the City is in substantial compliance with the grant requirements and has closed the review of this matter.

01-2 COPS More '96 – CFDA No. 16.710; Grant No. 97-CM-WX-1080

Condition:

A COPS More '96 grant was awarded to the City for a project used to purchase equipment. A disbursement for equipment in the amount of \$350,000 was reimbursed by the grantor. However, the disbursement was made prior to the grant award date. The Department of Justice initially determined that this amount would be an unallowable cost if the City used these funds to supplant local funds previously allocated for the project expenditures.

Current Status:

Upon further review, the Department of Justice has determined that the City used the MORE '96 grant funds to increase the amount of local funds otherwise available to complete the project, in compliance with the grant requirements and has closed the review of this issue.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

01-3 Community Development Block Grant (CDBG) – CFDA No. 14.218

Condition:

During an on-site monitoring review of the City's CDBG program by the Department of Housing and Urban Development (HUD), there were six expenditures, totaling \$87,086, that were considered questionable as to whether they were allowed based on CDBG regulations.

Current Status:

Procedures are now in place to ensure that each eligible activity meets one or more of the three national objectives. The city received correspondence from the Department of Housing and Urban Development (HUD) indicating that five of the expenditures did meet the national objections and the sixth cost, purchased by the City's General Fund, was not subject to CDBG regulations. Therefore, this finding was considered cleared by HUD.

CITY OF KENNER, LOUISIANA
Corrective Action Plan
For the Year Ended June 30, 2002

02-1 Community Development Block Grant

Recommendation – Procedures should be implemented to assure that the SF-272 reports are complete and accurate. Consider contacting HUD representative to determine if amended filings of the reports are necessary.

Corrective Action – Amended reports are being filed for the quarters that failed to include program income. The regulations for completing the reports have been reviewed with appropriate personnel and program income will be included in future reports.

Implementation Date – January 1, 2003.

Contact – Alfreda Rogers, Director of Community Development Department, (504)468-7588.

02-2 Community Development Block Grant

Recommendation – Procedures should be implemented to assure a complete and accurate property listing is maintained for all equipment and property acquired by grant funds.

Corrective Action – The city has an accurate listing for asset purchases. The City did not record improvements to the properties on the inventory list. The procedures have been reviewed with the appropriate personnel and the list will be updated and future additions will be added when made.

Implementation Date – January 1, 2003.

Contact – Alfreda Rogers, Director of Community Development Department, (504)468-7588.

02-3 Highway Planning and Construction

Recommendation – Procedures should be implemented to assure the timely submission of all cost reimbursement requests.

Corrective Action – We are working with the State to remedy the situation to get reimbursed for the costs on the project. We are reviewing the state regulations with our engineering firm to make sure that future submissions are timely.

Implementation Date – January 1, 2003

Contact – Duke McConnell, CFO (504)468-4052

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BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

December 20, 2002

Honorable Mayor and Members of the Council
City of Kenner, Louisiana

In planning and performing our audit of the general purpose financial statements of the City of Kenner, Louisiana for the year ended June 30, 2002, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters. We previously reported on the City's internal control in our report dated December 20, 2002. This letter does not affect our report dated December 20, 2002, on the general purpose financial statements of the City of Kenner, Louisiana.

The accompanying comments and recommendations are intended solely for the information and use of the Mayor, City Council, management, and others within the City and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,


Certified Public Accountants

MEMORANDUM

DEBT SERVICE RESERVE AND SINKING FUNDS

Observations:

The City is holding excess cash in the LDEQ 1995 Issue reserve fund and in the 2000 and 2001 Bond Issue sinking funds. For the LDEQ 1995 Issue, this excess is the result of using amortization schedules that relate to the anticipated loan agreement of \$3,395,000 to calculate the reserve requirement. While approved for the larger amount, the City only issued \$1,400,000 in bonds. On advice of bond council, the City initially funded the reserve as if \$3,395,000 in bonds would be issued. The reserve has never been adjusted for the smaller issue. For the 2000 and 2001 Issues, this excess stems from a lack of transferring interest earnings to the earnings funds on a timely basis.

The City is short by \$2,673 in the LDEQ 1994 Issue reserve fund due to an error in calculating the reserve requirement. Per discussions with Bond Counsel, the excess in the LDEQ 1994 Issue earnings fund can cover the shortage in the reserve fund, mitigating any compliance issues.

Recommendations:

The City should adjust the LDEQ 1995 Issue reserve fund to the amount actually required and should monitor its debt service sinking requirements to better manage the available resources. The excess reserve fund amount should be transferred to the sinking fund for future debt service requirements. The transfer of interest earnings into the proper accounts will make the record keeping more accurate.

Management's Corrective Action Plan:

The City has a trustee which maintains the reserve and sinking fund accounts in accordance with the terms of the bond indentures. We will meet with the trustee to ensure that all transfers are made and that the proper amounts are maintained in the accounts in the future.

OUTSTANDING COURT BONDS

Observations:

A significant number of the outstanding court bonds recorded in the Mayor's Court Fund are ten to thirty years old and are likely to have been forfeited. Forfeited bond amounts can be transferred to the general fund to be used for general operations.

Recommendations:

The City should identify outdated court bonds and remove them from the outstanding listing in order to make the maintenance of the list less onerous. The forfeited bond amounts would also then become available for use in general fund operations.

ERICKSEN KRENTEL & LAPORTE LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Management's Corrective Action Plan:

The City will review all of the outstanding bonds to determine whether the cases have been resolved. For all closed cases, the bonds will be forfeited to the City in accordance with state law.

DELINQUENT PROPERTY TAXES

Observations:

The City carries a property tax receivable that includes delinquent taxes dating back to 1983. Approximately 55% of the total property tax receivable is comprised of ad valorem taxes on movables (inventory, equipment, etc.). The City has an allowance for doubtful accounts totaling 3% of the entire receivable balance. Based on the history of collections on the delinquent receivables and the percentage of the balance due from ad valorem taxes on which a lien may not be enforceable, this receivable may not become fully realized. However, because of the City's practice of recording these amounts as receivables and deferred revenues, there is no impact on the City's resources available for expenditure.

Recommendations:

The City should research their delinquent property tax roles to assess collectibility and adjust the receivable balance accordingly.

Management's Corrective Action Plan:

We will review the outstanding property tax bills to determine collectibility and any bills deemed uncollectible will be written off in accordance with appropriate laws.

GRANT REIMBURSEMENT FILINGS

Observations:

The City uses a third party administrator to file Federal grant reimbursement requests. We noted several grant receivables outstanding at year end that had not been received from the State due to the reimbursement requests not being filed with the State in a timely manner.

Recommendations:

Due to its reliance on other entities for filing grant reimbursement requests, it is imperative that the City maintain a system to monitor the reimbursement submission process to ensure that grant revenues are received timely. Prompt collection of receivables improves cash flow and reduces the burden on resources that financing such receivables can cause.

Management's Corrective Action Plan:

We have met with the third party administrator and have set up procedures to ensure that requests are sent timely. A new procedure will require the third party administrator to notify the City by sending a copy of the request to the City when requests are sent out and the City will in turn notify the third party administrator when amounts are received. Any old receivables can then be identified more timely and an immediate follow up will be made.